



# THE WASHINGTON STATE BOARD OF EDUCATION

Governance | Accountability | Achievement | Oversight | Career & College Readiness

<b>Title:</b>	<b>Initiative 1351</b>	
<b>As Related To:</b>	<input type="checkbox"/> Goal One: Effective and accountable P-13 governance. <input type="checkbox"/> Goal Two: Comprehensive statewide K-12 accountability. <input type="checkbox"/> Goal Three: Closing achievement gap.	<input checked="" type="checkbox"/> Goal Four: Strategic oversight of the K-12 system. <input type="checkbox"/> Goal Five: Career and college readiness for all students. <input type="checkbox"/> Other
<b>Relevant To Board Roles:</b>	<input type="checkbox"/> Policy Leadership <input type="checkbox"/> System Oversight <input type="checkbox"/> Advocacy	<input type="checkbox"/> Communication <input type="checkbox"/> Convening and Facilitating
<b>Policy Considerations / Key Questions:</b>	NA	
<b>Possible Board Action:</b>	<input checked="" type="checkbox"/> Review <input type="checkbox"/> Adopt <input type="checkbox"/> Approve <input type="checkbox"/> Other	
<b>Materials Included in Packet:</b>	<input checked="" type="checkbox"/> Memo <input type="checkbox"/> Graphs / Graphics <input checked="" type="checkbox"/> Third-Party Materials <input type="checkbox"/> PowerPoint	
<b>Synopsis:</b>	This section provides a brief summary of Initiative 1351, which reduces class sizes, among other things. The full text of the initiative and the fiscal impact statement prepared by the Office of Financial Management are also included.	



## INITIATIVE 1351

### Initiative Summary

Initiative 1351 would reduce class sizes, increase support staff, and stipulate a phase-in schedule for class size reduction over the next two biennia. The class size and staffing recommendations are in accordance with most of the Quality Education Council (QEC) 2010 recommendations.

### *Class Size and Staffing*

I-1351 further reduces class sizes from those already specified in law and adds high-poverty class sizes for grades 4-12 to the statute, whereas currently those are set in the appropriations act.

Grade Level	Current Law	2018 Full Implementation	I-1351
<b>K-3</b>	25.23	17	17
High Poverty K-3	<b>K-1:</b> 20.85 (2013-2014) <b>K-1:</b> 24.10-20.30 (2014-2015) <b>2-3:</b> 24.10	17	15
<b>4-6</b>	27	27	25
High Poverty 4	27	<i>Appropriations Act</i>	22
High Poverty 5-6	27	<i>Appropriations Act</i>	23
<b>7-8</b>	28.53	28.53	25
High Poverty 7-8	28.53	<i>Appropriations Act</i>	23
<b>9-12</b>	28.74	28.74	25
High Poverty 9-12	28.74	<i>Appropriations Act</i>	23
<b>CTE</b>	26.57	26.57	19
<b>Skill Center</b>	22.76	22.76	16

All other staff allocations are also increased for each prototypical school level. Support staff such as counselors, classified teaching assistants, health and social services, and parent involvement coordinators, in particular, receive considerable increases.

### *Funding and Implementation*

Language in Section 1 of the initiative declares that the “annual improvements” in funding for the class size and other enhancements in the initiative constitute basic education funding and “may be used to assist the Washington supreme court to determine the adequacy of progress in addressing the state’s paramount duty in accordance with the *McCleary* decision.” I-1351 also sets forth an implementation schedule for the enhancements. In the 2015-2017 biennium,

at least 50 percent of the funding enhancements for full implementation must be made available, with the remaining 50 percent provided by the end of the 2017-2019 biennium. Priority in the first biennium for funding enhancements is to be given to the highest-poverty school districts and schools.

The initiative also adds language to the description of the allocation formula requiring that money allocated for the purpose of class size reduction in statute be used by districts for that purpose, unless the district can demonstrate capital facility restrictions. If the district cannot implement the reduced class sizes, the funds must be spent on personnel that provide direct service to students. However, the language requiring use of funds for class size reductions may conflict with language in the same subsection as it exists in current law that states "Nothing in this section requires school districts to maintain a particular classroom teacher-to-student ratio..." (RCW 28A.150.260 (2)).

### **Fiscal Impact Statement**

The fiscal impact statement prepared by the Office of Financial Management states that state expenditures will increase by \$4.7 billion through 2019. This includes not only the costs for staff increases, but increases to special education allocations, small school factors, and levy equalization payments, all of which are calculated as a function of allocations determined under the prototypical school funding model.

The initiative does not impact state revenues.

Initiative 1351 also increases a district's levy authority, again a function of the state allocation, and a district's expenditures on staff. Districts provide local enhancements to the state-funded salaries for staff, which would likely need to be provided to new staff hired as a function of I-1351 and would not be supported by state funding enhancements.

If you have questions regarding this memo, please contact Julia Suliman at [Julia.suliman@k12.wa.us](mailto:Julia.suliman@k12.wa.us).

# Initiative Measure No. 1351

filed March 18, 2014

---

## BILL REQUEST - CODE REVISER'S OFFICE

---

BILL REQ. #: I-2833.1/14

ATTY/TYPIST: SCG:eab

BRIEF DESCRIPTION:

# Initiative Measure No. 1351

filed March 18, 2014

AN ACT Relating to lowering class sizes and increasing school staff to provide all students the opportunity for a quality education; amending RCW 28A.150.260; adding a new section to chapter 28A.150 RCW; creating new sections; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** This initiative concerns reducing the number of students per class in grades K-12. Washington ranks forty-seventh out of fifty states in the nation in the number of students per class. The voters understand that reduced class sizes are critical for students especially to learn technical skills such as mathematics, science, technology, and other skills critical for success in the new economy.

It is the intent of the voters that reduction in class sizes be achieved by the legislature funding annual investments to lower class sizes and to increase school staffing in order to provide every student with the opportunities to receive a high quality basic education as well as improve student performance and graduation rates.

A teacher's ability to individualize instruction, provide timely feedback to students and families, and keep students actively engaged in learning activities is substantially increased with smaller class sizes. Students in smaller classes have shown improved attendance, greater academic growth, and higher scores on achievement tests; and students from disadvantaged groups experience two to three times the average gains of their peers. Smaller class sizes will provide an equitable opportunity for all students to reach their potential and will assist in closing the achievement gap.

In order to comply with the constitutional requirement to amply fund basic education and with the Washington supreme court decision in *McCleary v. the State of Washington*, it is the intent of the voters to implement with fidelity chapter 548, Laws of 2009 and chapter 236, Laws of 2010. These laws revised the definition of the program of basic education, established new methods for distributing state funds to school districts to support this program of basic education, and established a process where the quality education council and technical working groups would make recommendations as to the level of resources that would be required to achieve the state's defined program of basic education by 2018.

This measure would create smaller class sizes for grades K-12 over a four-year period with priority to schools with high levels of student poverty. These annual improvements are to be considered basic education funding that may be used to assist the Washington supreme court to determine the adequacy of progress in addressing the state's paramount duty in accordance with the *McCleary* decision. State funding would be provided based on a reduction of K-3 class size to seventeen and grade 4-12 class size to twenty-five; and for schools with more than fifty percent of students in poverty, that is, more than fifty percent of students were eligible for free and reduced-price meals in the prior school year, a reduction of K-3 class size to fifteen, grade 4 to twenty-two, and grade 5-12 class size to twenty-three. The measure would also provide funding for increased school teaching and student support including librarians, counselors, school nurses, teaching assistants, and other critical staff necessary for the safe

and effective operation of a school, to meet individual student needs, and to ensure all required school functions can be performed by appropriately trained personnel.

**Sec. 2.** RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each amended to read as follows:

The purpose of this section is to provide for the allocation of state funding that the legislature deems necessary to support school districts in offering the minimum instructional program of basic education under RCW 28A.150.220. The allocation shall be determined as follows:

(1) The governor shall and the superintendent of public instruction may recommend to the legislature a formula for the distribution of a basic education instructional allocation for each common school district.

(2) The distribution formula under this section shall be for allocation purposes only. Except as required for class size reduction funding provided under subsection (4)(f) of this section and as may be required under chapter 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and regulations, nothing in this section requires school districts to use basic education instructional funds to implement a particular instructional approach or service. Nothing in this section requires school districts to maintain a particular classroom teacher-to-student ratio or other staff-to-student ratio or to use allocated funds to pay for particular types or classifications of staff. Nothing in this section entitles an individual teacher to a particular teacher planning period.

(3)(a) To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not

constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various categories of school staff. It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school to the extent that data is available. The allocations shall be further adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus appropriations act.

(b) For the purposes of this section, prototypical schools are defined as follows:

(i) A prototypical high school has six hundred average annual full-time equivalent students in grades nine through twelve;

(ii) A prototypical middle school has four hundred thirty-two average annual full-time equivalent students in grades seven and eight; and

(iii) A prototypical elementary school has four hundred average annual full-time equivalent students in grades kindergarten through six.

(4)(a) The minimum allocation for each level of prototypical school shall be based on the number of full-time equivalent classroom teachers needed to provide instruction over the minimum required annual instructional hours under RCW 28A.150.220 and provide at least one teacher planning period per school day, and based on the following general education average class size of full-time equivalent students per teacher:

..... General education  
..... average  
..... class size



Grades K-3 .....	(( <del>25.23</del> ))	<u>17.0</u>
Grade 4 .....	(( <del>27.00</del> ))	<u>25.0</u>
Grades 5-6 .....	(( <del>27.00</del> ))	<u>25.0</u>
Grades 7-8 .....	(( <del>28.53</del> ))	<u>25.0</u>
Grades 9-12 .....	(( <del>28.74</del> ))	<u>25.0</u>

(b) During the 2011-2013 biennium and beginning with schools with the highest percentage of students eligible for free and reduced-price meals in the prior school year, the general education average class size for grades K-3 shall be reduced until the average class size funded under this subsection (4) is no more than 17.0 full-time equivalent students per teacher beginning in the 2017-18 school year.

(c) The minimum allocation for each prototypical middle and high school shall also provide for full-time equivalent classroom teachers based on the following number of full-time equivalent students per teacher in career and technical education:

..... Career and technical		
..... education average		
..... class size		
Approved career and technical education offered at		
the middle school and high school level.....	(( <del>26.57</del> ))	<u>19.0</u>
Skill center programs meeting the standards established		
by the office of the superintendent of public		
instruction .....	(( <del>22.76</del> ))	<u>16.0</u>

(d) In addition, the omnibus appropriations act shall at a minimum specify((÷

—(i) ~~A high poverty average class size in schools where more than fifty percent of the students are eligible for free and reduced price meals; and~~

—(ii)) a specialty average class size for laboratory science, advanced placement, and international baccalaureate courses.

(e) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals

in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

.....	<u>General education average</u>	
.....	<u>class size in</u>	
.....	<u>high poverty</u>	
<u>Grades K-3</u>	.....	<u>15.0</u>
<u>Grade 4</u>	.....	<u>22.0</u>
<u>Grades 5-6</u>	.....	<u>23.0</u>
<u>Grades 7-8</u>	.....	<u>23.0</u>
<u>Grades 9-12</u>	.....	<u>23.0</u>

(f)(i) Funding for average class sizes in this subsection (4) shall be provided only to the extent of, and proportionate to, the school district's demonstrated actual average class size, up to the funded class sizes.

(ii) Districts that demonstrate capital facility needs that prevent them from reducing actual class sizes to funded levels, may use funding in this subsection (4) for school based-personnel who provide direct services to students. Districts that use this funding for purposes other than reducing actual class sizes must annually report the number and dollar value for each type of personnel funded by school and grade level.

(iii) The office of the superintendent of public instruction shall develop rules to implement this subsection (4).

(5) The minimum allocation for each level of prototypical school shall include allocations necessary for the safe and effective operation of a school, to meet individual student needs, and to ensure all required school functions can be performed by appropriately trained personnel, for the following types of staff in addition to classroom teachers:

Elementary Middle High

	School	School	School
Principals, assistant principals, and other certificated building-level administrators .....	<del>((1.253))</del> <u>1.3</u>	<del>((1.353))</del> <u>1.4</u>	<del>((1.880))</del> <u>1.9</u>
Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs .....	<del>((0.663))</del> <u>1.0</u>	<del>((0.519))</del> <u>1.0</u>	<del>((0.523))</del> <u>1.0</u>
Health and social services:			
School nurses .....	<del>((0.076))</del> <u>0.585</u>	<del>((0.060))</del> <u>0.888</u>	<del>((0.096))</del> <u>0.824</u>
Social workers .....	<del>((0.042))</del> <u>0.311</u>	<del>((0.006))</del> <u>0.088</u>	<del>((0.015))</del> <u>0.127</u>
Psychologists .....	<del>((0.017))</del> <u>0.104</u>	<del>((0.002))</del> <u>0.024</u>	<del>((0.007))</del> <u>0.049</u>
Guidance counselors, a function that includes parent outreach and graduation advising .....	<del>((0.493))</del> <u>0.50</u>	<del>((1.116))</del> <u>2.0</u>	<del>((1.909))</del> <u>3.5</u>
Teaching assistance, including any aspect of educational instructional services provided by classified employees .....	<del>((0.936))</del> <u>2.0</u>	<del>((0.700))</del> <u>1.0</u>	<del>((0.652))</del> <u>1.0</u>
Office support and other noninstructional aides .....	<del>((2.012))</del> <u>3.0</u>	<del>((2.325))</del> <u>3.5</u>	<del>((3.269))</del> <u>3.5</u>
Custodians .....	<del>((1.657))</del> <u>1.7</u>	<del>((1.942))</del> <u>2.0</u>	<del>((2.965))</del> <u>3.0</u>
Classified staff providing student and staff safety .....	<del>((0.079))</del> <u>0.0</u>	<del>((0.092))</del> <u>0.7</u>	<del>((0.141))</del> <u>1.3</u>
Parent involvement coordinators .....	<del>((0.00))</del> <u>1.0</u>	<del>((0.00))</del> <u>1.0</u>	<del>((0.00))</del> <u>1.0</u>

(6)(a) The minimum staffing allocation for each school district to provide district-wide support services shall be allocated per one

thousand annual average full-time equivalent students in grades K-12 as follows:

.....	Staff per 1,000	
.....	K-12 students	
Technology .....	<del>((0.628))</del>	<u>2.8</u>
Facilities, maintenance, and grounds .....	<del>((1.813))</del>	<u>4.0</u>
Warehouse, laborers, and mechanics .....	<del>((0.332))</del>	<u>1.9</u>

(b) The minimum allocation of staff units for each school district to support certificated and classified staffing of central administration shall be 5.30 percent of the staff units generated under subsections (4)(a) and (b) and (5) of this section and (a) of this subsection.

(7) The distribution formula shall include staffing allocations to school districts for career and technical education and skill center administrative and other school-level certificated staff, as specified in the omnibus appropriations act.

(8)(a) Except as provided in (b) of this subsection, the minimum allocation for each school district shall include allocations per annual average full-time equivalent student for the following materials, supplies, and operating costs, to be adjusted for inflation from the 2008-09 school year:

.....	Per annual average	
.....	full-time equivalent student	
.....	in grades K-12	
Technology .....		\$54.43
Utilities and insurance .....		\$147.90
Curriculum and textbooks .....		\$58.44
Other supplies and library materials .....		\$124.07
Instructional professional development for certified and classified staff .....		\$9.04
Facilities maintenance .....		\$73.27
Security and central office .....		\$50.76

(b) During the 2011-2013 biennium, the minimum allocation for maintenance, supplies, and operating costs shall be increased as specified in the omnibus appropriations act. The following allocations, adjusted for inflation from the 2007-08 school year, are provided in the 2015-16 school year, after which the allocations shall be adjusted annually for inflation as specified in the omnibus appropriations act:

.....	Per annual average
.....	full-time equivalent student
.....	in grades K-12
Technology .....	\$113.80
Utilities and insurance .....	\$309.21
Curriculum and textbooks .....	\$122.17
Other supplies and library materials .....	\$259.39
Instructional professional development for certificated and classified staff .....	\$18.89
Facilities maintenance .....	\$153.18
Security and central office administration.....	\$106.12

(9) In addition to the amounts provided in subsection (8) of this section, the omnibus appropriations act shall provide an amount based on full-time equivalent student enrollment in each of the following:

(a) Exploratory career and technical education courses for students in grades seven through twelve;

(b) Laboratory science courses for students in grades nine through twelve;

(c) Preparatory career and technical education courses for students in grades nine through twelve offered in a high school; and

(d) Preparatory career and technical education courses for students in grades eleven and twelve offered through a skill center.

(10) In addition to the allocations otherwise provided under this section, amounts shall be provided to support the following programs and services:

(a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the district percentage of students in grades K-12 who were eligible for free or reduced-price meals in the prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, on a statewide average, 1.5156 hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher.

(b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the head count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide resources to provide, on a statewide average, 4.7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher. Notwithstanding other provisions of this subsection (10), the actual per-student allocation may be scaled to provide a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for students needing less intensive intervention, as detailed in the omnibus appropriations act.

(c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, allocations shall be based on two and three hundred fourteen one-thousandths percent of each school district's full-time equivalent basic education enrollment. The minimum allocation for the programs shall provide resources to provide, on a statewide average, 2.1590 hours per week in extra instruction with fifteen highly capable program students per teacher.

(11) The allocations under subsections (4)(a) and (b), (5), (6), and (8) of this section shall be enhanced as provided under RCW 28A.150.390 on an excess cost basis to provide supplemental instructional resources for students with disabilities.

(12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections (4) and (10) of this section that are based on the percent of students in the school who are eligible for free and reduced-price meals, the actual percent of such students in a school shall be adjusted by a factor identified in the omnibus appropriations act to reflect underreporting of free and reduced-price meal eligibility among middle and high school students.

(b) Allocations or enhancements provided under subsections (4), (7), and (9) of this section for exploratory and preparatory career and technical education courses shall be provided only for courses approved by the office of the superintendent of public instruction under chapter 28A.700 RCW.

(13)(a) This formula for distribution of basic education funds shall be reviewed biennially by the superintendent and governor. The recommended formula shall be subject to approval, amendment or rejection by the legislature.

(b) In the event the legislature rejects the distribution formula recommended by the governor, without adopting a new distribution formula, the distribution formula for the previous school year shall remain in effect.

(c) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the first school day of each month, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. The definition of full-time equivalent student shall be determined by rules of the superintendent of public instruction and shall be included as part of the superintendent's biennial budget request. The definition shall be based on the minimum instructional hour offerings required under RCW 28A.150.220. Any revision of the present definition shall not take effect until approved by the house ways and means committee and the senate ways and means committee.

(d) The office of financial management shall make a monthly review of the superintendent's reported full-time equivalent students in the common schools in conjunction with RCW 43.62.050.

NEW SECTION. **Sec. 3.** A new section is added to chapter 28A.150 RCW to read as follows:

In order to make measurable progress toward implementing the provisions of section 2, chapter ..., Laws of 2015 (section 2 of this act) by September 1, 2017, the legislature shall increase state funding allocations under RCW 28A.150.260 according to the following schedule:

(1) For the 2015-2017 biennium, funding allocations shall be no less than fifty percent of the difference between the funding necessary to support the numerical values under RCW 28A.150.260 as of September 1, 2013, and the funding necessary to support the numerical values under section 2, chapter ..., Laws of 2015 (section 2 of this act), with priority for additional funding provided during this biennium for the highest poverty schools and school districts;

(2) By the end of the 2017-2019 biennium and thereafter, funding allocations shall be no less than the funding necessary to support the numerical values under section 2, chapter ..., Laws of 2015 (section 2 of this act).

NEW SECTION. **Sec. 4.** This act may be known and cited as the lower class sizes for a quality education act.

NEW SECTION. **Sec. 5.** Section 2 of this act takes effect September 1, 2018.



## Prepared by the Office of Financial Management

### Initiative 1351 Fiscal Impact

Initiative 1351 (I-1351) will not increase or decrease state revenues. State expenditures will increase — through distributions to local school districts — by an estimated \$4.7 billion through 2019 based on changes to the statutory funding formulas for K-12 class sizes and staffing levels, and through increases in state levy equalization payments directed by current law. Under current law, I-1351 will increase school districts' authority to levy additional property taxes. It is unknown if districts would exercise this authority, but it could generate up to an estimated \$1.9 billion in additional local revenues through 2019.

### General Assumptions

- The effective date for section 1, the intent section, and section 3, the phase-in schedule, is December 4, 2014.
- The effective date for section 2, which changes staffing formulas for basic education, is September 1, 2018.
- State estimates are described using the state's fiscal year of July 1 through June 30. For example, state fiscal year 2015 is July 1, 2014, to June 30, 2015.
- School district estimates are described using the school fiscal year of September 1 through August 31. For example, school year 2014–15 is September 1, 2014, to August 31, 2015.
- I-1351 has no fiscal impact on school year 2014–15 or on state fiscal year 2015.
- Due to current law, the changes in I-1351 will have the effect of increasing local levy authority and levy equalization payments. Changes to local levy authority are described on a calendar-year basis.
- The Office of Financial Management assumes the school year 2014–15 funding formulas continue into the future, except where stated.
- Public school enrollment is forecast to grow annually between now and 2019. This fiscal impact statement incorporates higher student enrollments for its calculations as forecast by the Washington State Caseload Forecast Council.
- State and local salaries will increase annually by the Initiative 732 cost-of-living adjustment as forecast by the Washington State Economic and Revenue Forecast Council.
- Pension rates are as adopted by the state Select Committee on Pension Policy, July 2014.
- Enrollment in high-poverty schools is projected by using free and reduced-price lunch eligibility for the 2013–14 school year.
- Chapter 236, Laws of 2010 (Substitute House Bill 2776), requires the state's funding formulas to support class sizes of 17 for kindergarten through grade three (K-3) and 100 percent enrollment in state-funded, full-day kindergarten by school year 2017–18. Since current law does not specify what additional funding will be put into class size or full-day kindergarten for the 2015–17 biennium, baseline K-3 class sizes and full-day kindergarten enrollment are assumed to be the same as for school year 2014–15.

### State Revenues

I-1351 does not increase or decrease state revenue collections.

### State Expenditures

As shown in Table 1, state expenditures will increase by \$4.7 billion through 2019 due to:

1. The phase-in schedule and changes to state formulas, affecting the number of teachers and staff funded to meet the smaller class size and other conditions of the initiative.

2. Increases in state levy equalization payments.

Table 1: Summary of State Expenditures Under I-1351 Dollars in Millions (rounded to 10 millions)						
State Fiscal Years						
Component	2015*	2016	2017	2018	2019	TOTAL
Phase-in changes to state funding formulas	\$0	\$890	\$1,090	\$890	\$1,620	\$4,490
Higher levy equalization payments	\$0	\$0	\$60	\$80	\$70	\$210
<b>TOTAL</b>	<b>\$0</b>	<b>\$890</b>	<b>\$1,150</b>	<b>\$970</b>	<b>\$1,690</b>	<b>\$4,700</b>
*The requirements of I-1351 do not start until after fiscal year 2015 is completed.						

I-1351 new staffing formulas are not fully implemented until midway through the 2017–19 biennium. Full biennial costs are projected to be \$3.8 billion for the 2019–21 biennium.

**2015–17 Biennium**

I-1351, section 3(1) requires that “[f]or the 2015–17 biennium, funding allocations shall be no less than fifty percent of the difference between the funding necessary to support the numerical values under RCW 28A.150.260 as of September 1, 2013, and the funding necessary to support the numerical values” under I-1351, section 2, effective September 1, 2018.

The fiscal impact of this section is \$2 billion for the 2015–17 biennium.

The 2015–17 biennium refers to school years 2015–16 and 2016–17. Using updated enrollments, salaries and benefits for the 2015–16 and 2016–17 school years, the fiscal impact was calculated by finding, for the respective school years:

1. The cost of the changes to state staffing formulas in I-1351, section 2
2. The cost of the state staffing formulas in place as of September 1, 2013
3. The difference in costs between the two formulas, by school year
4. The amount of that difference divided by half
5. That amount adjusted from a school fiscal year to the state fiscal year schedule

I-1351 places priority for additional funding provided during the 2015–17 biennium for the highest-poverty schools and school districts. For the purpose of this estimate, it is assumed the state will appropriate the minimum amounts stated in I-1351.

**2017–19 Biennium**

I-1351 requires that by the end of the 2017–19 biennium, funding allocations be no less than the funding necessary to support the formulas stated in the initiative at that time.

The fiscal impact of this section is \$2.7 billion for the 2017–19 biennium.

The 2017–19 biennium refers to school years 2017–18 and 2018–19. It is assumed the funding required by I-1351 in the 2015–17 biennium will continue for school year 2017–18 and that the initiative will be fully implemented in school year 2018–19.

The state will need to provide \$1.3 billion more in the 2017–19 biennium to implement the requirements of Chapter 236, Laws of 2010 (SHB 2776) in school year 2017–18. However, this amount is separate from the fiscal impact of I-1351, as these class sizes and enrollments are already authorized under state law.

Consistent with current law, it is assumed that as of school year 2017–18, the state will provide funding for class sizes of 17 for grades K-3 and funding to support full-day kindergarten for all kindergarten students statewide.

**Basic Education Formula Changes Effective September 1, 2018 (school year 2018–19)**

I-1351, section 2 amends RCW 28A.150.260, the state’s basic education formulas for general student class size and school staffing, effective September 1, 2018. It lowers the class-size ratios and increases staffing for both school-based and district-wide staff. This will increase the state general student rate provided to districts. And because I-1351 increases the state general rate, it will also increase the state’s funding for special education. Schools now receiving a small school factor will receive more funding through the funding formula and, consequently, will receive less funding under the small school factor.

Table 2 is a summary of the staffing changes under I-1351. It shows, for school year 2018–19, the new state-funded staff positions and their cost. These projections assume that class sizes of 17 for grades K-3 will have already been implemented under current law in school year 2017–18. All other costs compare the staffing formulas authorized for school year 2014–15.

Table 2: New Staff and Related Costs for Implementing I-1351 on Sept. 1, 2018 <sup>^</sup>			
School Year 2018–19			
Class Size/Position	New State-Funded Staff Positions	New State Expenditures	New School District Expenditures
	Staff full-time equivalent employees	Dollars in millions (rounded to 10 millions)	
Additional teachers to meet class-size changes	7,453	\$510	\$590
Additional school-based staff	17,081	\$810	\$980
Additional district/central staff	1,027	\$370	\$450
Special education funds~		\$140	\$170
Reduction in small school factor	-237	\$(20)	\$(20)

<sup>^</sup>Changes refer to I-1351 compared to continuing school year 2014–15 apportioned formula, with the exception of K-3 class size of 17 and statewide full-day kindergarten, which are scheduled to be implemented by school year 2017–18, pursuant to Chapter 236, Laws of 2010. As of Sept. 1, 2013, these class sizes were authorized under RCW 28A.150.220, though they were not funded as of Sept. 1, 2013.

~Special education is distributed as a percentage of the general student rate. The state formula does not allocate staffing positions for special education.

**NOTE:** Once current law (Chapter 236, Laws of 2010) is implemented, the state will fund 7,396 additional teachers and 909 other staff to meet class sizes of 17 for K-3.

**Increase of Levy Equalization Payments to Districts**

As state formula funding increases under I-1351, under current law, so does districts’ local levy authority and state levy equalization payments. Table 3 shows the impact from I-1351 on state levy equalization payments.

Table 3: State Levy Equalization Payments Dollars in Millions (rounded to 10 millions)						
State Fiscal Years						
	2015	2016	2017	2018	2019	TOTAL
Cost	n/a	n/a	\$60	\$80	\$70	\$210

**Local Revenues**

**Revenue received from the state**

I-1351 increases revenues districts receive from the state by \$4.7 billion over five years.

Table 4 summarizes the district revenues received from the state. (Please see the state expenditure information and Table 1 for an explanation of how district revenues received from the state will increase under I-1351.)

**NOTE:** This funding is received on a school-year basis, which is different from the state fiscal year. As a result, the figures in Table 1 and Table 4 may not match.

Table 4: Estimated School District Revenues from State Funds Dollars in Millions (rounded to 10 millions)						
School Years						
	2014–15	2015–16	2016–17	2017–18	2018–19	TOTAL
State formulas	n/a	\$1,110	\$1,100	\$850	\$1,810	\$4,870
State levy equalization	n/a		\$60	\$80	\$70	\$210
<b>TOTAL STATE FUNDS</b>	n/a	\$1,110	\$1,160	\$930	\$1,880	\$5,080

**Revenues from school district property tax levies**

Since I-1351 increases the state K-12 funding to districts under RCW 84.52.0531(3), it also increases local levy authority.

It is unknown how many districts will exercise this authority. Further, voters must approve school district levies and school boards must annually certify the amount of property taxes to be collected. However, districts opting to exercise this authority could generate up to an additional \$1.9 billion in local revenue from higher property taxes over the next five years.

Table 5 shows, on a calendar-year basis, the statewide increase of local levy authority under I-1351.

Table 5: Estimated School District Levy Authority Increases Dollars in Millions (rounded to 10 millions)						
Calendar Years						
	2015	2016	2017	2018	2019	TOTAL
Local levy authority	n/a	n/a	\$750	\$660	\$520	\$1,930

### Local Expenditures

I-1351 increases school district expenditures by \$6.0 billion over five years. See Table 6 for detail by school year.

I-1351 requires that state funding for class-size reduction be provided only to the extent districts document they are meeting the funded class-size reductions under the initiative. However, districts with facility needs that prevent them from reducing class sizes may use the funding for school-based personnel who provide direct services to students. It is unknown how many districts will apply for this exemption. It is also unknown what mix of school-based personnel would be employed, such as instructional aides, counselors, principals, etc., instead of classroom teachers. For the purpose of this cost estimate, it is assumed districts will staff for the class sizes stated in I-1351.

I-1351's staffing directive does not apply to the school-based or district-based staffing allocations. It is unknown how districts will spend this funding. For the purpose of this cost estimate, it is assumed districts will staff to the formulas provided in the initiative.

It is assumed districts will fully spend the allocations received for special education, career and technical education and skill centers on those programs, consistent with current program requirements. It is also assumed that districts will maintain statewide average salary rates as provided in school year 2013–14. Local school district average salaries are higher than funding apportioned by the state.

Table 6: Estimated School District Expenditures Dollars in Millions (rounded to 10 millions)						
School Years						
	2014–15	2015–16	2016–17	2017–18	2018–19	TOTAL
Expenditures	\$0	\$1,320	\$1,380	\$1,100	\$2,240	\$6,040

### Facility Costs and Impacts on State and Local Capital Budgets

I-1351 does not mandate an increase in state or local capital facilities. It is unknown how districts will implement I-1351 or how it will affect their facility choices. Districts may propose a bond measure to build new facilities or remodel existing facilities. All bonds are subject to voter approval. Some voter-approved bonds may be eligible for state construction assistance.