Draft Transparency Outline

This outline is intended as a tool to identify and clarify the components of a "transparency proposal" and then the policy questions that must be answered before a proposal can be finalized.

Problem Statement:

The current model of state funding for public K-12 schools is simple but not transparent or easily understood; school districts use a state-imposed structure to report expenditures designed for district-level accountability and state-required audits but provides little summarized information for policymakers to evaluate the investment.

1. The state budget appropriates 70% of $6.6 billion for public schools in 4 block allocations (CIS, CLS, CAS and NERCs). The allocations provide no record for what elements of schools policymakers intend to fund, impede targeting new funding to specific purposes, and impede maintenance of adequate funding.
   a. The block allocation structure is does not identify the elements of a school system policymakers intend to fund. Without more specific allocations district personnel, citizens and new policymakers have no record of what has been intended for staffing ratios and operations expenditures.
   b. The block allocation structure means that if policymakers want to improve funding, they cannot target new funds to the intended school element (e.g., allocate more librarians, school nurses, or math instructional coaches). If they want to be assured the new resources are spent for the specific purpose(s) intended they have to create complicated administrative mechanisms within the block allocation provisions or create special-purpose, administratively intensive new programs.
   c. The block allocation for operational support costs (the "NERC": utilities, textbooks, technology, etc. which are 8% of all state allocations) can only be inflated using a general inflation measure; policymakers cannot use multiple or specific measures that more accurately reflect the costs districts incur (e.g., utilities allocations cannot be inflated with utilities indices commonly used in the private sector).
2. Most districts track expenditures to specific sources of revenue (state, federal, local), but districts choose their own accounting and business systems which roll-up to a common state reporting structure (F-196 report). At the state level, policymakers must rely on high-level summaries of expenditures by program; in some cases revenue source is evident, in others the revenue source cannot be definitively identified. The roll-up precludes detailed comparisons of which expenditures are from specific fund sources, especially state and local levy funds.
3. The state collects detailed data on teacher's state salaries, but not on the extra compensation that most districts use to supplement the state salary allocation. Therefore, teacher salaries cannot be compared by teachers and policymakers to other districts, states or other Washington occupations.
4. There is extensive information on instructional staff/student ratios and student enrollment at the district level, but measurement of actual class size, the truest measure of classroom <u>teacher</u> workload, was last collected in the late 1980's as a one-time study. As a result, we cannot compare <u>true</u> teacher workload changes over time, among school districts, or with other states.
5. There are very limited tools to measure how much the state is allocating for elements of our education system compared to how much districts must spend so that students have the higher –order skills necessary to achieve state standards and a meaningful diploma.

Purpose of new allocation and expenditure models:

1) Cost-neutral Allocations: Simplify and clarify school district funding allocations into common-sense categories for citizens, parents, district staff, and future policymakers. The initial categories/allocations are set to be cost-neutral compared to current block allocations. However, the new categories provide a structure for policymakers to improve discrete allocations over time.

2) Expenditure Reporting: Align expenditure reporting to funding allocations, major state categorical programs, and district activities and isolate expenditures for state-defined basic education responsibilities to facilitate district- and state-level decision-making and system accountability.
3) Staffing Workload and Compensation: Collect class size data for core and specialized subjects. Expand compensation reporting to include compensation elements and their related compensation. Provides policymakers with information on critical employment indicators and the ability to identify elements that could be incorporated into state allocations.
4) Create a System of Financial Accountability: With more specific funding allocations and expenditure data aligned to funding, there may be a tendency to view the allocations as mandates. Instead of focusing on "how much money districts spent on specific categories", a financial accountability model is intended to specify the measures of results not expenditures, in terms of quality, timeliness, and cost that districts will be measured against. Where ever possible, the measures will be based on student achievement and improvement.

Proposal Elements:

1) Cost-Neutral Allocations: Update the 2008 Supplemental Operating Budget language with certificated instructional, classified, and administrative staffing allocations and non-employee related cost allocations (NERC) re-stated into common-sense categories with separate allocations. *(Question to consider: Does a proposal entail re-enacting the Basic Education Act, re-stating the budget act, and/or creating LEAP documents with the allocation detail?)*
2) Expenditure Reporting:
    a. Update reporting categories consistent with funding allocations (e.g., if NERC is re-stated with a specific technology allocation, collect data on how much districts spent for technology).
    b. Update reporting of staff categories aligned to funding allocations (e.g., add instructional coaches, security staff, and technology staff to current staff reporting).
    c. Update accounting guidance and structure to isolate state-defined basic education expenditures from federal and local expenditures (expenditures and revenue differentiated by state, federal, and local activities).
3) Staffing Workload and Compensation:
    a. Expand compensation reporting to include elements of compensation.
    b. Create a new tool to report actual class size, by content and grade level.
4) Accountability System:
    a. Create accountability measures for key programs for quality, timeliness, and cost, incorporating student achievement and quality of education.
    b. Identify additional data necessary to key measures identified in 4.a. above.

Cost-neutral Allocations: Policy Questions

Certificated Instructional Staff

Derived Example of a Cost Neutral Allocation: Students per Certificated Instructional Staff

Core: K-4	1:23
Core: 5-8	1:31
Core: 9-12	1:43
Specialist: K-4	1:157
Specialist: 5-8	1:109
Specialist: 9-12	1:54
Instructional Coaches	1:1818
Librarians	1:762
Counselors	1:540
Pupil Support	1:2035

Policy questions to finalize allocations:

- Should teacher allocations be based on grade bands only or also distinguish between content areas?
- If content areas become an allocation element, should the allocation reflect the Core and Specialized categories proposed by Washington Learns or more discrete categories?
- What grade bands should be used to assign different teacher allocations (K-3 vs. K-4)?
- Should education support staff allocations differ by grade band (e.g., librarians, counselors)?
- Should any of the instructional staff allocations be linked to other student factors (e.g., Picus/Odden-recommended pupil support is adjusted by poverty)?

Classified Staff Allocations

Derived Example of a Cost Neutral Allocation: Students per Classified Staff

Secretaries	1:257
Aides	1:257
Custodians	1:232
Maintenance Workers	1:708
Grounds Keepers	1:766
Central Office Administrative	1:469
Security	1:0
Technology	1:0
Data Support	1:0

Policy questions to finalize allocations:

- What staffing categories should be included in the allocations (e.g., add data management, security, instructional aides, and technology to Picus/Odden recommendation)?
- How should the current allocation rate be unblocked proportionally based on current district expenditures or as near as possible to Picus/Odden recommendation (if add additional categories, cannot pattern after Picus/Odden)?

Administrative Staff Allocations

Derived Example of a Cost Neutral Allocation:
Students per Administrative Staff

Superintendent	1:3,238
Principal	1:478
Curriculum/Instruct	1:4,138
Finance	1:4,138
Human Resources	1:4,138
Special Education	1:4,138
Technology	1:4,138
Pupil Services	1:4,138
Maintenance/Operations	1:4,329

Policy questions to finalize allocations:

- What administrative categories should be included in the allocations? *(Picus/Odden recommendation combines principals and assistant principals.)*
- Should any of the categories differ by grade level or grade band (e.g., principals)?
- Are any of the categories linked to actual current practice (e.g., assume that the number of superintendents and principals currently employed remain as a given, with the remainder of the allocation available for central administration)?

Non-employee Related Cost Allocations

Derived Example of a Cost Neutral Allocation:
Dollars per Student (2007-08 SY)

Utilities	$90
Insurance	$21
Professional Develop	$44
Instructional Materials	$65
Maintenance/Custodial	$16
Central Purchases	$130
Technology	$108
Security	$5

Policy questions to finalize allocations:

- What cost categories should be used to allocate resources?
- Should current funding be distributed proportionately to Washington Learns categories?
- What different categories should be used for vocational and Skills Centers NERC allocations?

Expenditure Reporting: Next Steps to Proposal

Update reporting categories and staffing classifications aligned to funding allocations:

- NERC expenditure reporting must be consistent with allocations, but may require additional discrete categories to isolate state responsibility from local enhancement. *(Does not require policymaker action on specifics but does entail costs for new accounting system and district re-tooling.)*
- Staff categories reported must be consistent with allocations, and may require additional discrete categories in order to keep allocations simple but understand district staffing patterns (e.g., allocation for principals, but separate reporting for principals and assistant principals). *(Does not require policymaker action on specifics but does entail costs for new accounting system and district re-tooling.)*

Update accounting guidance to isolate state-defined basic education expenditures from federal and local expenditures, and then track revenue to program:

- School District Accounting Advisory Committee would recommend accounting guidance and structure to isolate state-defined basic education expenditures from federal and local expenditures (expenditures and revenue differentiated by state, federal, and local activities). *(Does not require policymaker action on specifics but does entail costs for new accounting system and district re-tooling.)*

Staffing Workload and Compensation: Next Steps to Proposal

Create class size report for selected content groups and by grade level or grade band:

- Need to create workgroup to design the report structure/elements and data collection tool. *(Does not require policymaker action on specifics but does require a decision on whether or not a sample will be sufficient and may require new district resources.)*

Expand compensation reporting to include elements of compensation (e.g., extra salary where class size exceeds a specific negotiated maximum, curriculum review committee work, regional cost of living recognition, number and value of extra contract days, etc.).

- Survey tool and categories are drafted to collect data in the short-term. *(Need district and employee group comments on survey tool. On-going collection will require a new reporting tool and potentially new resources for districts. Does not require policymaker action on specifics.)*

Financial Accountability: Next Steps to Proposal

Create accountability measures for key programs for quality, timeliness, and cost, incorporating student achievement and quality of education.

- Create a workgroup to design the indicators of quality, timeliness and cost for key programs. Measures for instructional programs could include rate of student achievement improvement, unit cost per student meeting state standards, and student achievement by class size, etc. *(Does require policymaker involvement and action.)*
- Create a workgroup to identify additional data collection necessary to implement financial accountability. *(Does not require policymaker action, but may require new district resources for data collection.)*