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CTE and Skill Center Program Funding, Accounting & Data Reporting

2014

2013-15 Biennial Operating Budget:

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School Apportionment and Financial Services

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Executive Summary

The 2013-15 biennial appropriations act charged OSPI with reviewing Career and Technical Education (CTE) and Skill Center funding enhancement formulas, expenditure accounting systems, and reporting, as follows:

“The office of superintendent of public instruction shall review career and technical education and skill center programs’ funding enhancement formulas, expenditure accounting systems, and reporting. The office will make recommendations for revising the funding formulas, including the possibility of conversion to a model that enhances basic education rates, potential revisions to the accounting systems, and recommendations for improving reporting and transparency. The office shall submit recommendations to the appropriate fiscal committees of the legislature and the office of financial management by June 1, 2014.”

To determine what areas were most important to focus on, OSPI solicited feedback from its stakeholders regarding CTE and Skill Center funding formulas, accounting systems and reporting. It became immediately apparent that the overwhelming issues are with CTE funding formulas and accounting, and that the same disconnects and issues are not prevalent for Skill Centers. This is due to three main differences: CTE students attend the regular high school, a Skill Center can claim for a 1.6 FTE and are funded at a class size that is lower than CTE, and Skill Centers operate as a self-contained cost center and program, which allows for more direct program charges and transparency in the program.

Therefore given the resources available and the issues identified, OSPI concluded that it would focus mostly on CTE issues in this report.

Once the scope of work was determined, OSPI convened a working group comprised of stakeholders that included state agency education CTE staff, school district CTE directors and school district business managers.

Funding Formula

In school year 2013–14 state funding averaged \$6,043 per CTE FTE compared to \$5,297 per basic education FTE, an enhancement of \$746 per FTE or 14 percent.

The currently allowed indirect rate which districts can charge the CTE program is 15 percent.

The total cost of the state CTE program (enhancement only) is estimated to be \$45.7 million in school year 2013–14.

The CTE formula currently provides for a teacher staffing ratio of 1:26.57, which results in a total of 67.44 units statewide. In the 1995 *Secondary Vocational Education in the State of Washington* report, the enhancement was 28 percent, which was to provide for smaller class sizes, more individualized instruction, more staff time required for the student leadership component and expensive equipment. The formulary staffing ratio in this same report referenced a funded class size in 1992–93 school year of 1:16.67.

OSPI found those exact same needs are still prevalent, yet the funding formula has decreased over time and the currently funded class size is almost 10 FTEs higher than in 1992–93.

Presently, 89 percent of the current enhancement is for MSOC (materials, supplies and operating costs), and 11 percent for enhanced staffing allocations. Additionally, the overall CTE enhancement has diminished over time partially due to the transition to the prototypical funding formula in 2009. During the transition to the new funding formula, the funding cost to the state was required to be cost neutral, which was accomplished by putting fixed ratios and separate CTE MSOC rates in the operating budget. These fixed rates resulted in each CTE FTE being funded less for certain staffing allocations (the positions of nurses, social workers, and psychologists) than all other students. And unless the Legislature specifically enhances CTE MSOC rates, when there are enhancements to the basic education MSOC rates, the CTE MSOC enhancement decreases. The same is true for Skill Centers.

Since the prototypical funding formula was enacted, basic education MSOC has risen from \$546.37 to \$781.72, a 43 percent increase. CTE MSOC rates, over the same period have increased from \$1,334.24 to \$1,399.30, a 4.88 percent increase. When the MSOC rates for basic education are fully funded (by law this is required in school year 2015–16), the rate after adjustment for inflation will be \$1,219.65, as compared to the CTE MSOC rate of \$1,438.74. When comparing MSOC values in the initial school year of the SHB 2776 funding model to the fully funded values, the CTE MSOC enhancement has shrunk from 144 percent (multiple of 2.442 over general education) to 18 percent. The same is true for Skill Center MSOC rates.

Without the CTE staffing ratios or CTE MSOC rates being adjusted, the enhancement for CTE will drop to \$341.72 by school year 2015–16 and the enhancement for Skill Centers will decline to \$217.03.

OSPI reviewed actual CTE expenditure data from school year 2012–13. Expenditure data shows that the allocation formulas between staff and non-staff costs are opposite of how districts spend money to deliver CTE programs to their students. Districts spend most of their CTE allocation on staffing rather than on MSOC. The same is not true for Skill Centers.

Options

This report lays out two options for changing the CTE funding formula: (1) a resource-to-allowable expenditure method, and (2) an excess cost model.

The model recommended in this report is the resource-to-allowable expenditure method, and would include the changes outlined in the recommendations below.

Recommendations

Revise Funding Formulas

- Move funding for the positions of counselors, librarians, nurses, social workers, and psychologists under the other CIS staff ratio for CTE and Skill Center programs back to the

general education allocation and fund them at an equal rate as the prototypical middle or high school. Total cost of this change is \$11.5 million.

- Move funding for the position of principals back to the general education allocation and eliminate the enhancement to CTE for principals. Total savings of this change is \$385,000.
- Fund a CTE director position for middle and high school CTE programs at a rate of 1:432 student FTE for middle school programs, and 1:600 student FTE for high school programs... The accounting manual would require that costs associated with this staffing position be coded to Activity 21 – Supervision within the CTE programs. Total cost of this change is \$8.2 million.
- Revise the funding formula to reflect how districts are spending the allocations by decreasing the MSOC allocation to \$770.37 per student FTE, and increasing the staffing funding formulas by funding a lower class size, the reallocation of which would result in a funded class size of 24.76 in middle and high school CTE. This change to the funding formula is cost neutral.
- Fund a CTE class size of 1:19 and a Skill Center class size of 1:16, as recommended by the Quality Education Council; which funds a meaningful staffing enhancement compared to that of basic education. Total cost of this change is \$66.0 million for CTE programs and \$8.0 million for Skill Centers.
- Fund a mechanism for the startup of new CTE or Skill Center programs.

Expenditure Accounting System

- Create additional accounting codes that more closely align with the categories of costs funded in the MSOC categories. Beginning with the 2014–15 school year, school districts will report curriculum costs to OSPI through a separate activity code (Activity 33) in all programs. This will allow the comparison of the portion of the MSOC allocation intended for curriculum versus the actual costs to school districts for the acquisition and routine maintenance and/or replacement of curriculum. This would impact both CTE and Skill Center programs.
- Create more transparency in regards to what is being charged to CTE; and provide a balance to these increase direct program charges by reducing the indirect rate that is allowed to the federal restricted rate (on average less than 4 percent). Reducing the indirect rate cannot occur without also implementing the recommendations for revising the funding formulas mentioned above.

Data Reporting and Transparency

- Implementation of Activity 33 – Curriculum in the accounting manual as mentioned above.
- Isolate the basic education portion of CTE funding on the 1191 CTE reports from the value of the program enhancement. Beginning with the 2013–14 school year, the 1191CTE apportionment reports were reformatted to show the portion of the CTE allocation that could be attributed to general education versus attributed to the CTE enhancement. Examples of the report before and after OSPI made this change are available in Appendix B.

Background

When the Funding Formula Technical Working Group (FFTWG) was convened to develop the values for the prototypical school model, CTE and Skill Center values were only addressed in the area of class size. Other factors such as MSOC values and other staffing needed to for these programs were not specifically focused on. Part of the work in this report picks up where the FFTWG left off, specifically in the areas of MSOC and staffing allocations.

In school year 2013–14 state funding averaged \$6,043 per CTE FTE compared to \$5,297 per basic education FTE, an enhancement of \$746 per FTE or 14 percent. The total cost of the state CTE program (enhancement only) is estimated to be \$45.7 million in school year 2013–14.

The CTE formula currently provides for a staffing ratio of 1:26.57, which results in a total of 67.44 units statewide.

The following chart takes enrollment as used in the April 2014 apportionment calculations to demonstrate the current per-pupil enhancement for CTE programs.

Annual Average Middle and High School CTE FTE	Total CTE Enhancement	Per-Pupil CTE Enhancement	Number of Enhanced Staffing Units - Statewide
61,360.62	\$45,720,296	\$745.11	67.44

Districts currently receive a per-pupil CTE enhancement of \$745.11 and they receive \$662.28 or 89 percent of the total per-pupil CTE enhancement as an enhanced MSOC allocation, and \$82.83 or 11 percent as enhanced staffing allocation. The CTE staffing enhancement expressed in statewide units is as follows:

- CIS – 61.72 unit's statewide or 1.00 unit per 1,000 student FTE.
- CAS – 5.72 units statewide or 0.0932 units per 1,000 student FTE.

During the transition to the new prototypical funding formula, the cost to the state was required to be cost neutral, which was accomplished by putting fixed ratios and separate CTE MSOC rates in the operating budget.

Fixed staffing ratios for other CIS staff (Librarians, Counselors, Nurses, Social Workers, and Psychologists) were implemented to fund these staff members at a lower rate in CTE programs and Skill Centers than in the prototypical middle or high school.

Other CIS Staffing Position	13-14 Prototypical HS Allocation Per 600 Student FTE	Allocation per 600 Student FTE	
		CTE Programs	Skill Center Programs
Librarian	0.523	0.199	0.233
Counselor	2.009	0.968	1.131
Nurse	0.096	0.037	0.043
Social Worker	0.015	0.006	0.007
Psychologist	0.007	0.003	0.003
Total	2.65	1.213	1.416

The fact that CTE programs generate the other CIS staff units at a deficit as compared to basic education creates a negative enhancement for the CTE programs in this area. The following chart illustrates the deficit to the CTE and Skill Center programs for the other CIS staff units.

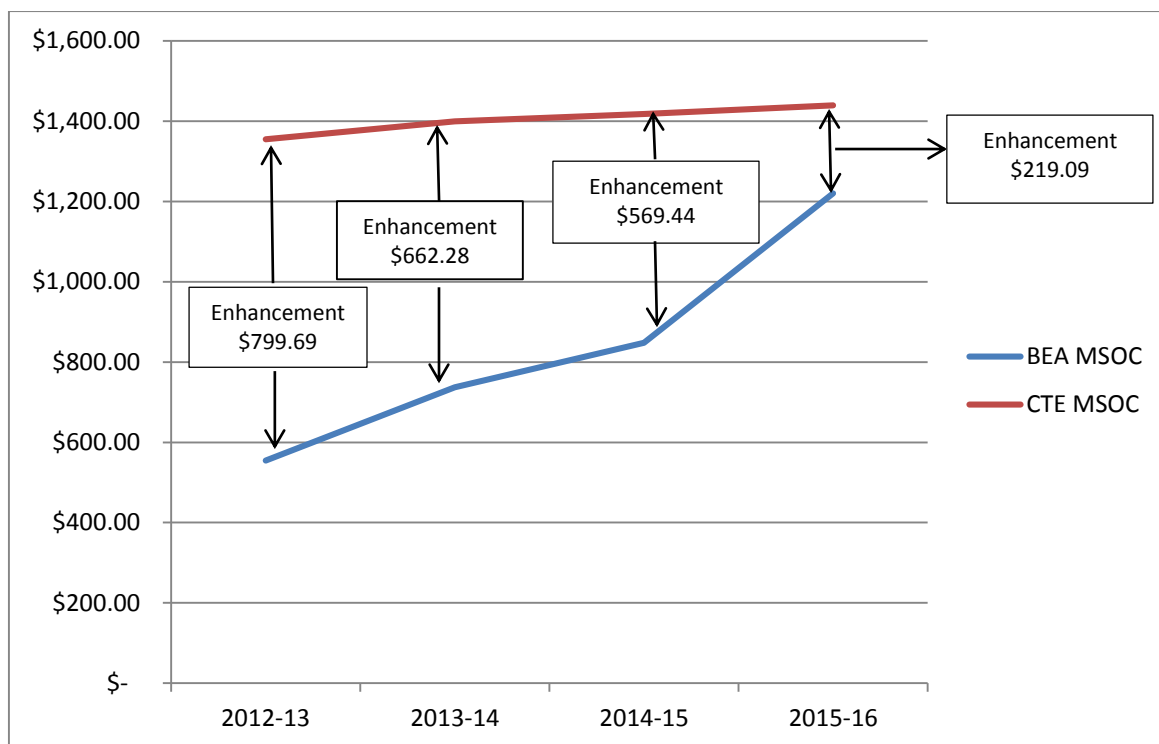
Other CIS Staff Units	Student FTE	Basic Education	Reduction of Basic Education Allocation	Total Allocation
High School CTE	54,716.48	241.684	-131.156	110.528
Middle School CTE	6,644.14	27.735	-14.317	13.418
Skill Center	4,827.40	21.32	-9.93	11.392
Total	66,188.02	290.739	-155.403	135.336

Under the current operating budget language, the Legislature must specifically enhance CTE and Skill Center MSOC rates. The CTE and Skill Center MSOC rates have not been changed since the prototypical formula was put into place. The impact of this is that when there are enhancements to the basic education MSOC rates, the MSOC enhancement decreases.

Since the prototypical funding formula was enacted, basic education MSOC has risen from \$546.37 to \$781.72, a 43 percent increase. CTE MSOC rates, over the same period have increased from \$1,334.24 to \$1,399.30, which reflects only inflationary adjustments of 4.88 percent (compounded. When the MSOC rates for basic education are fully funded (by law this is required in school year 2015-16), the inflation adjusted rate will be \$1,219.65, as compared to the CTE MSOC rate of \$1,438.74.

	2013–14 School Year MSOC	Fully Funded MSOC (2015–16)
General Education	\$737.02	\$1,219.65
Vocational Per Pupil Enhancement	\$662.28	\$219.09
Percentage Enhancement	89.86%	17.96%
Total Vocational MSOC	\$1,399.30	\$1,438.74
Skill Center Per Pupil Enhancement	\$507.22	\$59.66
Percentage Enhancement	68.82%	4.89%
Total Skill Center MSOC	\$1,244.24	\$1,279.31

Without these CTE staffing ratios or MSOC rates being adjusted, the enhancement for CTE will be reduced to \$341.72 by school year 2015–16 and reduced to \$217.03 for Skill Centers. The impact on the vocational per pupil MSOC rate is shown on the graph below.



Indirect Rates

CTE program allocations are allowed to be charged up to a 15 percent indirect rate to cover a portion of the districtwide costs that cannot be directly attributed to the program. This is partially due to the fact that accounting rules prohibit costs related to utilities, building maintenance and insurance to be direct charged to CTE programs. Conversely, that means that 85 percent of the total CTE program allocation (independently calculated for middle and high school CTE programs) must

be spent in the program each year. Skill Centers are commonly charged a much lower indirect rate, and there is no rate for that program in law. Due to their separate facilities and account code structure, Skill Centers are able to direct charge many of the charges that are indirect charges in other programs. As a result, their allocable indirect charges are reduced.

A carryover provision does exist for CTE programs that allow districts to retain up to 10 percent of any unspent allocations, after the 15 percent indirects are taken, for one school year.

Discussion of Issues and Proposals

Issues identified by the workgroup related to CTE funding, accounting and transparency include the following:

- the CTE allocation is combined with the basic education allocation which creates a lack of transparency;
- the funding for staffing is inadequate; lower class sizes should be funded, and all components of the funding formula should recognize that all students are basic education students first, and the basic education allocations should be allocated, at a minimum, in all areas for CTE and Skill Center students, and then enhanced as appropriate;
- districts spend the majority of their allocation on staffing and not on MSOC for CTE;
- there is no funding mechanism for starting new, costly CTE or Skill Center programs;
- currently open expenditure codes for CTE in the accounting manual, and;
- the lack of transparency regarding the CTE 15 percent indirect rate.

CTE Funding Allocations

Funding formula is intertwined with basic education. The current CTE funding model is the only program where the enhancement is not separated from the basic education allocation in the funding formula. Other programs, such as special education, the learning assistance program, and the transitional bilingual program, are all accounted for and reported as true enhancements. The CTE funding model includes funding for staff such as principals and guidance counselors, but because the funding is intertwined with the basic education portion of funding it causes an overall lack of transparency about what amount is being funded for basic education and what amount is being funded for CTE. This is further complicated by the fact that within the current accounting structure, principals and most other certificated instruction staff (CIS) are not allowed to be charged to the CTE program.

Other CIS staffing ratios and MSOC. The overall CTE enhancement has diminished over time, partially due to the transition to the prototypical funding formula model in 2009, where set values for the other CIS staffing ratios and MSOC rates were established in the operating budget (the same is true for Skill Centers). These fixed ratios resulted in each CTE and Skill Center student FTE being funded less for certain staffing allocations (the positions of guidance counselors, librarians, nurses, social workers, and psychologist) than all other students. This does not recognize the fact that CTE and Skill Center students are basic education students first.

The workgroup analyzed CTE allocations and compared them to actual expenditures, to identify what areas districts were spending money in versus how the funding was allocated. This is one reason why the allocation appears to be underspent, especially in the area of MSOC. The same is not true of Skill Centers because they are allowed to direct charge many areas that are: (1) not open account codes in CTE and (2) are considered indirect for CTE programs.

Looking more specifically at statewide 2012–13 expenditure data, it shows that CTE programs spend 41.6 percent *less* on MSOC than is generated in the funding formula, and 14.4 percent *more* on teaching staff than is allocated. The dollar values behind these percentages are shown in the chart below.

Allocation	Expenditures	Revenue	Difference	Percentage
Teaching Staff	\$166,934,683	\$145,968,490	\$20,966,193	14.4%
MSOC	\$48,565,884	\$83,140,906	(\$34,575,022)	-41.6%

Expenditure data shows that the distribution of the allocation between staff and non-staff costs is opposite of how districts spend money to deliver CTE programs to their students. In other words, additional staffing costs above and beyond those in basic education on a per pupil basis are greater than those costs related to MSOC.

Adequacy of the Funding Formula

Class Size. The currently funded class size for Grades 9–12 is 28.74, while the currently funded class size for CTE is 26.57 and 22.76 for Skill Centers. The Quality Education Council has provisionally adopted a class size of 19 for CTE and 16 for Skill Centers. The workgroup reaffirmed the need for these smaller class sizes for the same reasons that had been outlined in the 1995 CTE report, and in the Basic Education Funding report. CTE and Skill Center programs need smaller class sizes to operate safely, to have a student-to-equipment ratio that provides for meaningful hands on learning.

CTE director position. All CTE programs have a CTE director, but there is no current allocation in the prototypical funding model for this position. In very small districts this could be a lead teacher that receives a stipend. In larger districts this is a separate and distinct position. Many districts fund this out of the basic education principal allocation that the CTE program generates. This effectively reduces the available funding for principals within the district.

New program start up. There is currently no funding mechanism for starting new, costly CTE or Skill Center programs. Most districts use local funds to start new high tech or STEM programs. Costs that can be incurred to start new programs include facility costs as well as equipment costs. Districts often must limit enrollment due to limited equipment and facility availability. In some of the high tech fields there is rapidly changing technology and the need to keep pace with new technology and equipment has limited the ability of the CTE and Skill Center programs to stay up to date without the use of other resources.

Accounting for Expenditures

As noted above, the current CTE allocation comes in one amount with the related basic education funding, which includes funding for principals and health care related certification staff, see Appendix A for current expenditure matrices for Program 31 – High School CTE and Program 34 – Middle School CTE. These are shown in comparison to the expenditure matrices that are approved for Program 01 – Basic Education. However, these activities are not currently open in the accounting manual for districts to directly charge the costs of these activities to. So, if a school has 500 student FTE, with 100 of them being CTE FTEs, the principal allocation for the 100 CTE FTEs is not allowed to be charged to Activity 23 – Principals, in the accounting records. The same is true for several MSOC categories like utilities, insurance, and maintenance. All of which results in an overall lack of transparency for CTE program costs.

In school year 2013–14 OSPI put into place two columns on the CTE 1191 apportionment reports, so that users of the report could see that the CTE allocation also included all components of the basic education allocation for these students. This brought to light the fact that the CTE allocation included allocations for principals for these students, but the account code to charge principals to the CTE program is not open in the accounting manual. The same is true of Health/Related services allocations.

Indirect Rate

The indirect rate allows for the district to use 15 percent of the CTE program allocation to pay for costs that support the overall operation of the district. Indirect costs are costs of the district that are not directly identifiable by any one program. Included in the accounting manual definition of these costs are costs related to maintenance, utilities, insurance, the board of directors, human resources, operation of buildings, and pupil management and safety. In the school district accounting manual these costs are defined in Program 97– Districtwide Support. A complete listing of the types of costs that are deemed as indirect costs is available in Appendix C.

Skill Centers – Funding Allocations, Accounting and Indirect Rates

The accounting and indirect issues do not impact how Skill Center programs are funded or how they report their data to OSPI. This is because Skill Center programs function as their own cost center, and are primarily responsible for the majority of their own indirect costs as they relate to utilities, facilities maintenance, etc. Skill Center programs do not have a legislatively prescribed indirect rate, but are usually charged a nominal indirect rate by the host district due to the costs associated with running the overall district that the Skill Center program benefits from. Examples of these costs would include staff for the payroll office and other central administrative functions of the district. Skill Center activity codes are open in Activity 23 – Principals and Activity 26 – Health/Related Services, as well as other cost center activities for building and maintenance. Skill Centers generate a principal allocation, and this position functions also as the Skill Center director, which works in the Skill Center program because of the single population of kids it is serving; i.e., they are all Skill Center students and the entire building is focused on this educational program.

There is no realignment of the funding factors recommended for Skill Centers. MSOC rates should however increase in proportion to BEA rates for Skill Centers.

1995 CTE Report

CTE program funding and data reporting were previously studied in the 1995 *Secondary Vocational Education Funding* report as ordered in the 1994 supplemental budget by the Washington State Legislature. Part of the charge of that report was stated as follows: *“The study shall include an analysis of state funding and school district expenditures in a sample of school districts engaged in the different types of vocational education programs.”*

In the 1995 *Secondary Vocational Education in the State of Washington* report, the CTE enhancement was 28 percent. The formulary staffing ratio in this same report referenced a funded class size in the 1992–93 school year of 1:16.67. (For a complete history of CTE funding factors as compared to general education back to the 1978–79 school year, see the chart in appendix D.)

This enhancement was to provide for:

- smaller class sizes, because of safety concerns;
- more individualized instruction;
- more staff time required for the student leadership component;
- instructor skill training, coordination with business, community and industry, and the supervision of student work programs; and
- expensive equipment.

OSPI found those exact same needs are still prevalent, yet the funding formula has shifted over time to allocate 89 percent of the current enhancement for MSOC (materials, supplies, and operating costs), and only 11 percent for enhanced staffing allocations. The currently funded class size is almost 10 FTEs higher than in 1992–93.

The 1995 report references the fact that Skill Centers are in a different situation because they operate as self-contained programs, and that the accounting for Skill Centers is more transparent due to the fact that many of the “indirect costs,” like utilities, insurance, and building maintenance are charged directly to the program, so costs can be identified, all of which was not the case for CTE costs.

OSPI’s current workgroup found the same issue to still be in place, whereby Skill Centers are able to direct charge all of their costs and the CTE program is not.

The following proposals and discussions thereof attempt to address these issues while modifying the allocation formula to more accurately reflect the true costs of the CTE programs and how they allocate their state resources within those programs.

Proposal #1: Resource to Allowable Expenditure Method

Under this proposal CTE programs would receive their state allocations in alignment with how the allocation could be directly spent in the program, as defined by accounting guidance, for the benefit of CTE students. In addition to creating this alignment, modifications to the funding factors are implemented to calculate the amount of funding generated.

Allocations for principals and other CIS staff. CTE programs would receive allocations related to teachers, CTE program directors (school level administrative staff), teaching assistants, office support staff, and MSOC in the areas of technology, curriculum, library materials, and professional development, and would be allowed to have direct charges for those same areas. As mentioned previously, the current CTE and Skill Center formulas fund the other CIS staffing allocation at a lower rate than is allocated for basic education FTEs due to the requirement of having the these programs be revenue neutral when the prototypical funding formula was implemented.

Currently CTE programs receive allocations intended for areas of expense that the accounting guidance does not allow in the program (i.e. principals and Health/Related staff). Allocations for principals and other CIS staff (Librarians, Counselors, Nurses, Social Workers, and Psychologists) would not be part of the CTE funding formula; instead districts would receive only the basic education allocation for these areas. For Skill Centers the other CIS staff change is recommended, but the change to the principal allocation is not. The estimated cost providing the allocation in basic education instead of CTE programs would be \$10.5 million. If this shift was made for Skill Center programs as well, it would cost an additional \$1 million.

CTE Directors. As noted above, the workgroup recommends that there be no enhancement for principals in the CTE program. However, districts that elect to offer CTE program instruction are effectively required to hire a CTE program director given the need for a districtwide program plan, CTE specific curriculum development, and other CTE specific duties. Based on these requirements and actual district staffing, there should be an allocation for CTE directors of 1:600 CTE student FTE per high school and 1:432 CTE student FTE per middle school. This would generate a total of 102.26 units statewide. The expenses for the CTE director would be coded in the CTE programs to Activity 21 – Supervision, which is already open in the CTE program expenditure structure. The total cost of providing this CTE director allocation is \$8.2 million (details on this calculation provided in appendix D.). There is no change proposed for Skill Centers for this area.

Materials, Supplies, and Operating Costs. Students enrolled in CTE courses under this funding proposal would only generate enhanced MSOC allocations for CTE programs in the areas of technology, curriculum, library materials, and professional development. Those are the areas that were identified by the workgroup where measurable, additional costs to operate the CTE program are incurred. As shown in the current 1191 MSOC Report below, both the basic education MSOC amount and the enhanced MSOC amount as shown in the CTE columns (Skill Centers are the same). This first step of implementing this change would be to allocate the MSOC for the CTE FTEs in the regular instruction column for the areas of utilities, facilities maintenance and districtwide support, and only at the basic education level.

Current 1191 MSOC Report:

Materials, Supplies, and Operating Costs Report (State Summary)

Apportionment for April 30, 2014

Basic Education Entitlement

		A.	B.	C.	D.
		Regular Instruction	Lab Sciences	Grades 7-8 CTE - Exploratory	Grades 9-12 CTE - Exploratory
1. Student Units		909,414.99	0.00	6,644.14	54,716.48
2. Technology	\$	70,443,285.12	0.00	977,020.80	8,046,058.44
3. Utilities/Insurance	\$	191,395,478.79	0.00	2,654,998.37	21,864,705.51
4. Curriculum	\$	75,636,044.80	0.00	1,049,109.83	8,639,732.32
5. Library/Other Supplies	\$	160,566,310.67	0.00	2,227,182.17	18,341,511.28
6. Professional Dvlpmnt	\$	11,695,076.80	0.00	162,316.32	1,336,723.69
7. Facilities Maintenance	\$	94,824,701.02	0.00	1,315,340.45	10,832,221.62
8. District Wide Support	\$	65,696,138.85	0.00	911,177.40	7,503,818.18
9. Total Allocated MSOC	\$	670,257,036.05	0.00	9,297,145.34	76,564,771.04

Proposed 1191 MSOC Report:

Basic Education Entitlement

	Regular Instruction		Grades 7-8 CTE		Grades 9-12 CTE	
	Student Units	MSOC Allocation	Student Units	MSOC Allocation	Student Units	MSOC Allocation
2. Technology	909,414.99	70,443,285.13	6,644.14	1,641,766.99	54,716.48	13,520,442.21
3. Utilities/Insurance	970,775.61	204,309,434.88	0.00	0.00	0.00	0.00
4. Curriculum	909,414.99	75,636,044.72	6,644.14	1,580,441.58	54,716.48	13,015,409.10
5. Library and Other Supplies	909,414.99	160,566,310.63	6,644.14	1,806,541.67	54,716.48	14,877,410.91
6. Professional Development	909,414.99	11,695,076.77	6,644.14	89,695.89	54,716.48	738,672.48
7. Facilities Maintenance	970,775.61	101,222,772.85	0.00	0.00	0.00	0.00
8. Central Districtwide Support	970,775.61	70,128,830.07	0.00	0.00	0.00	0.00
9. Total Allocated MSOC		694,001,755.05		5,118,446.13		42,151,934.70

Second, the MSOC amounts for the remaining categories would be increased to reflect actual district expenditure amounts in these areas for the CTE program. This approach to funding CTE MSOC creates alignment between the direct costs of the program and the portions of the MSOC allocations that are intended to cover those costs. It should be noted that this proposal only recognizes that there is additional costs to the district because it operates a CTE program in the areas of direct cost

as defined as technology, curriculum, library and other supplies, and professional development. By breaking the MSOC allocation out into these areas of direct cost, it allows the Legislature to apply varied inflation rates to areas of allocation where costs are rising more than others. MSOC categories that are intended to provide an allocation for indirect costs such as utilities, insurance, facilities maintenance, and central districtwide support would not be enhanced. The assumption is these costs associated with a CTE student would not be any more expensive to the district than if they were associated with a non-CTE student. This is not the case with Skill Centers, as they operate as separate cost centers and incur charges for utilities, insurance and facilities.

This proposal rebases the direct cost items of MSOC by looking at expenditure data that shows how much CTE programs spend on these items as compared to the basic education program over the course of four school years. Based on this expenditure analysis, the MSOC allocations for CTE programs for the 2013–14 school year would be rebased as follows:

MSOC Category	General Ed. Allocation	CTE Multiplier	CTE Allocation
Technology	\$77.46	3.19	\$247.10
Curriculum	\$83.17	2.86	\$237.87
Library and Other Supplies	\$176.56	1.54	\$271.90
Professional Development	\$12.86	1.05	\$13.50
Total	\$350.05	2.20	\$770.37

The current funding formula allocates MSOC to CTE programs at an enhanced value in all MSOC categories over basic education, the effect of this proposed change is a funding loss to the system when you move student FTE out of the MSOC allocation column for CTE programs and into the MSOC allocation column for general education. The net impact to both the basic education program and the high school CTE program of funding MSOC based on this proposal is less revenue in the amount of \$13.2 million dollars. The net impact when including middle school CTE is less revenue in the amount of \$14.8 million, which the workgroup proposes would be put back into the formula as enhancements to lower class sizes.

Reallocation to lower Class Sizes. In order to reflect where CTE programs actually spend their allocation, the workgroup proposes lowering class sizes in order to reallocate this funding in the form of additional staffing units.

For the 2013–14 school year, class sizes at the prototypical middle and high school are compared to their respective CTE program class sizes in the following chart.

Prototypical School/Program	Class Size		
	Basic ED - Current	CTE - Current	Proposed Reallocation CTE Class size
Middle School	28.53	26.57	24.76
High School	28.74	26.57	24.76

In order to realign the allocation with the pattern of actual school district expenditures, the \$13.2 million dollars that is lost due to the shift in the MSOC allocation in the High School CTE programs, class size should be lowered from 26.57 to 24.76. Similarly, realigning the additional \$1.6 million dollars for Middle School CTE programs would be accomplished by lowering the class size from 26.57 to 24.76.

The reallocation of the funding formula between MSOC enhancements and class size is revenue neutral.

Funding smaller class sizes. The Quality Education Council has proposed a CTE class size of 19.0 as being the target value for fully funding basic education and a class size of 16.0 for Skill Centers. If our starting point is the class size of 24.76 for middle and high school CTE, then the cost of moving to a class size of 19.0 for both programs is a combined \$66.1million. The ending target class sizes of 19.0 and 16.0 were taken from the Joint Taskforce on Basic Education Finance Report from 2009. Subsequent to that report, the target class size was presented in the Quality Education Council's 2009 reports as a "provisional" 2018 value. The chart below compares different schedules of implementation for moving to a class size of 19.0 for both CTE and 16.0 Skill Center programs.

School Year	2014-15	2015-16	2016-17	2018-19
Option 1- Total Cost in One School Year				
Class Size- HS	19.00			
Class Size- MS	19.00			
Skill Center	16.00			
Total Cost (millions)	\$74.0			
Option 2- Linear Phase in Over Three School Years				
Class Size- HS	22.84	20.92	19.00	
Class Size- MS	22.84	20.92	19.00	
Skill Center	20.51	18.26	16.00	
Total Cost (millions)	\$20.4	\$44.6	\$74.0	
Option 2- Linear Phase in Over Four School Years				
Class Size- HS	23.32	21.88	20.44	19.00
Class Size- MS	23.32	21.88	20.44	19.00
Skill Center	21.07	19.38	17.69	16.00
Total Cost (millions)	\$15.0	\$32.0	\$51.5	\$74.0

Indirect Rate (Costs). Under this option, the need for a 15 percent indirect rate for CTE programs is reduced. This is because the proposal aligns the allocation to the program with the accounting guidance for direct charges to the program in the areas of MSOC that were discussed earlier. The need for a nominal indirect rate remains however; to cover certain centralized costs from which the CTE program benefits, such as accounting, budgeting, and human resources. The workgroup recommended the allowed indirect rate be changed from 15 percent to the federal restricted indirect rate. The four year state average of that rate is as follows: 4.3 percent for 2011-12; 3.99

percent for 2012–13; 3.35 percent for 2013–14; and 3.45 percent for 2014–15. Other options of potential indirect rates considered included the federal unrestricted rate and the state recovery rate. The reason why these two were not recommended is because they either met or exceeded the 15 percent indirect rate that is currently charged to CTE programs. Changing the accounting guidance to allow more direct charges, and not reducing the indirect rate would negatively impact the ability of districts to deliver these programs.

There is no change recommended for Skill Center indirects.

Proposal #2: Excess Cost Model

This model would follow the same policy in concept as the special education excess cost methodology. The basic education portion of the total allocation would be generated on the 1191 report as part of the total basic education allocation. The CTE program funding report (1191CTE/MSCTE) would reflect only the enhanced allocation. The enhancement would be tied to the areas for which it is more expensive to run a CTE program as compared to basic education. Since each student FTE would generate the full basic education (program 01) allocation, and only the enhancement would be recognized in the CTE program, the total enhancement would be required to be spent on the CTE program.

The workgroup did not recommend this model because there is a general lack of transparency in an excess cost model of funding that would make it extremely difficult to determine the true revenues and costs of the CTE programs. An excess cost funding model would mean that CTE programs would be funded partly through CTE program revenue and partly through basic education revenue. Mixing sources of revenue also means that teachers provided through the prototypical high school would have to be backed out of that allocation, and considered as part of the CTE allocation for revenue to expenditure comparisons. Ultimately, the workgroup decided the level of complexity that would be introduced through an excess cost model was counterproductive to meeting the goals of an allocation formula that aligned with program expenditures to provide for more transparency.

Recommendations

OSPI and the workgroup recommend a modified direct funded model for funding CTE programs which includes the following:

- Move funding for the positions of counselors, librarians, nurses, social workers, and psychologists under the other CIS staff ratio for CTE and Skill Center programs back to the general education allocation and fund them at an equal rate as the prototypical middle or high school. Total cost of this change is \$11.5 million.
- Move funding for the position of principals back to the general education allocation and eliminate the enhancement to CTE for principals. Total savings of this change is \$385,000.
- Fund a CTE director position for middle and high school CTE programs at a rate of 1:600 CTE students. The accounting manual would require that costs associated with this staffing

position be coded to Activity 21 – Supervision within the CTE programs. Total cost of this change is \$8.2 million.

- Revise the funding formula to reflect how districts are spending the allocations by decreasing the MSOC allocation to \$770.37 per student FTE, and increasing the staffing funding formulas by funding a lower class size, the reallocation of which would result in a funded class size of 24.76 in middle and high school CTE. This change to the funding formula is cost neutral. MSOC allocations to the CTE programs should be revised to the areas of direct expense where measurable and additional costs are incurred for the CTE program (Technology, Curriculum, Library and Other Supplies, and Professional Development), and allocations should be based on a factor of how much more CTE programs spend on these areas as compared to basic education.
- Fund a CTE class size of 1:19 and a Skill Center class size of 1:16, as recommended by the Quality Education Council; which funds a meaningful staffing enhancement compared to that of basic education. Total cost of this change is \$66.0 million for CTE programs and \$8.0 million for Skill Centers.
- Fund a mechanism for the startup of new CTE programs or Skill Centers. Districts only receive enhanced funding for these programs after they begin to serve the students. There is no state allocation that assists the districts in covering the upfront costs of starting a CTE or Skill Center program. As a result, these start-up costs are pulled from other sources, such as the basic education allocation, levy funds, or district fund balance.

Expenditure Accounting System

- Create additional accounting codes that more closely align with the categories of costs funded in the MSOC categories. Beginning with the 2014–15 school year, school districts will report curriculum costs to OSPI through a separate activity code (Activity 33) in all programs. This will allow the comparison of the portion of the MSOC allocation intended for curriculum versus the actual costs to school districts for the acquisition and routine maintenance and/or replacement of curriculum. This would impact both CTE and Skill Center programs
- Create more transparency in regards to what is being charged to CTE; and provide a balance to these increased direct program charges by reducing the indirect rate that is allowed to the federal restricted rate (on average less than 4 percent). Activities defined as indirect charges, as shown in Appendix C, would be charged to program 97- Districtwide Support. This would support the concepts of the program only showing expenses in the direct costs for which they are provided an allocation.

Data Reporting and Transparency

- Implementation of Activity 33 – Curriculum in the accounting manual as mentioned above.
- Isolate the basic education portion of CTE funding on the 1191 CTE reports from the value of the program enhancement. Beginning with the 2013–14 school year, the 1191CTE apportionment reports were reformatted to show the portion of the CTE allocation that

could be attributed to general education versus attributed to the CTE enhancement.
Examples of the report before and after OSPI made this change are available in Appendix B.

Acknowledgments

This report was a product of contributions made by the following participants in the School District Accounting Advisory Committee (SDAAC) sub-committee on CTE funding:

Member	School District/ESD
Michael Christianson	Bethel School District
Carl Fender	Everett School District
Ralph Fortunato	Kent School District
Doug Matson	West Valley School District (Spokane)
Kevin Plambeck	Stanwood-Camano School District
Marilyn Sollers	Northwest ESD 189

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References

Secondary Vocational Education in the State of Washington

- A report of the Legislative Evaluation and Accountability Program Committee (February 1995)

APPENDICES

Appendix A:

The following charts show the allowable areas of expenditures for Program 01 – Basic Education, Program 31 – Vocational Education, and Program 45 – Skill Center as defined for the 2014–15 school year. Categories highlighted in yellow are currently not available in the CTE program, but are for Skill Centers. This report recommends expanding the allowable activities in CTE programs to include those two programs, for which the CTE program is funded, but currently is not allowed to charge expenditures to.

PROGRAM 01 - BASIC EDUCATION

OBJECTS OF EXPENDITURE

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management and Safety										
26 Health/Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
TOTALS										

PROGRAM 31 - VOCATIONAL—BASIC—STATE

OBJECTS OF EXPENDITURE

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management and Safety										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
TOTALS										

PROGRAM 34 - MIDDLE SCHOOL CAREER AND TECHNICAL EDUCATION—STATE

OBJECTS OF EXPENDITURE

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
24 Guidance and Counseling										
25 Pupil Management and Safety										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
TOTALS										

PROGRAM 45 - SKILL CENTER—BASIC—STATE

OBJECTS OF EXPENDITURE

		Debit Transfer	Credit Transfer	Cert. Salaries	Class. Salaries	Employee Benefits	Supplies, Inst Mat'ls Noncap	Purchased Services	Travel	Capital Outlay
ACTIVITY	Total	(0)	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
21 Supervision										
22 Learning Resources										
23 Principal's Office										
24 Guidance and Counseling										
25 Pupil Management and Safety										
26 Health/Related Services										
27 Teaching										
28 Extracurricular										
29 Payments to School Districts										
31 Instructional Professional Development										
32 Instructional Technology										
33 Curriculum										
61 Supervision										
62 Grounds Maintenance										
63 Operation of Buildings										
64 Maintenance										
65 Utilities										
67 Building and Property Security										
68 Insurance										
TOTALS										

Appendix B:

The chart below reflects how the CTE apportionment reports looked prior to the 2013–14 school year. Only the grand total allocation was shown for each line item, which made it difficult to determine what the value of the CTE enhancement was for the program.

I. Formulated Staffing units for CTE 9-12	Total
1. Certificated Instructional Staff (CIS)	
a. Classroom Teachers	
CTE 9-12 Exploratory ([enroll 9-12 cte exp] / [CTE 9-12 expl Class	2,471.203
CTE 9-12 Preparatory ([Enroll 9-12 CTE Prep] / [CTE 9-12 prep Class	0.000
b. Librarian, Nurse, Social Worker, Psychologist, Guidance	
CTE 9-12 Exploratory [Enroll 9-12 CTE Exp] * [CTE 9-12 expl Other	110.528
CTE 9-12 Preparatory [Enroll 9-12 CTE Prep] * [CTE 9-12 prep Other	0.000
c. Subtotal CIS [CTE 9-12 expl Teacher FTE] + [CTE 9-12 prep	2,581.731
2. Certificated Administrative Staff (CAS)	
a. School Level Administration ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	175.709
b. Central Office Administration ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	47.913
c. Subtotal CAS [CTE 9-12 Schl Admin FTE] + [CTE 9-12 Central	223.622
3. Classified Staff (CLS)	
a. School Level Classified ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	792.574
b. Central Office Classified ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	137.880
c. Subtotal CLS [CTE 9-12 Schl CLS FTE]	930.454

II. Computation for CTE 9-12 Entitlement

A. CTE 9-12 - Certificated Instructional Staff (CIS)

1. CIS Salary Maintenance [CTE 9-12 CIS FTE] * [CIS - Salary Maint] * [CIS Mix]	138,044,150.03
2. CIS Salary Increase [CTE 9-12 CIS FTE] * [CIS - Salary Inc] * [CIS Mix] -	0.00
3. Subtotal CTE CIS Salary [CTE 9-12 CIS Salary Maint] + [CTE 9-12 CIS	138,044,150.03

B. CTE 9-12 - Certificated Administrative Staff (CAS)

1. CAS Salary Maintenance [CTE 9-12 CAS FTE] * [CAS - Salary Maint]	13,374,102.10
2. CAS Salary Increase [CTE 9-12 CAS FTE] * [CAS - Salary Inc] - [CTE 9-12	-0.14
3. Subtotal CTE CAS Salary [CTE 9-12 CAS Salary Maint] + [CTE 9-12 CAS	13,374,101.96

C. CTE 9-12 - Classified Staff (CLS)

1. CLS Salary Maintenance Total [CTE 9-12 CLS FTE] * [CLS - Salary Maint]	29,966,098.49
2. CLS Salary Increase [CTE 9-12 CLS FTE] * [CLS - Salary Inc] - [CTE 9-12	-0.94
3. Subtotal CTE CLS Salary [CTE 9-12 CLS Salary Maint] + [CTE 9-12 CLS	29,966,097.55

D. Staff Units Insurance, Payroll Taxes, and Benefits

1. Certificated Insurance Benefits [CTE 9-12 CIS CAS FTE] * [Health Insurance]	25,854,133.27
2. Certificated Insurance Benefits — Increase [CTE 9-12 CIS CAS FTE] * [Health Insurance Inc]	0.00
3. Certificated — Payroll Tax and Benefits ([CTE 9-12 CIS Salary Maint] + [CTE 9-12 CAS Salary	28,284,929.52
4. Certificated — Payroll Tax and Benefits — Increase ([CTE 9-12 CIS Salary Inc] + [CTE 9-12 CAS Salary	0.00
5. Classified Insurance Benefits [CTE 9-12 CLS FTE] * [Health Insurance] * [CLS Health	9,878,473.80
6. Classified Insurance Benefits — Increase [CTE 9-12 CLS FTE] * [Health Insurance Inc] * [CLS	0.00
7. Classified — Payroll Tax and Benefits [CTE 9-12 CLS Salary Maint] * [CLS - Benefits Maint]	6,277,897.66
8. Classified — Payroll Tax and Benefits — Increase [CTE 9-12 CLS Salary Inc] * [CLS - Benefits Inc]	0.00
9. Total Insurance Payroll Taxes and Benefits [CTE 9-12 Cert Insurance] + [CTE 9-12 Cert	70,295,434.25

E. Other Generated Entitlements

1. Materials, Supplies, and Operating Costs (MSOC) [Total MSOC -CTE 9-12expl] + [Total MSOC -CTE 9-	76,564,771.04
2. Substitutes ([CTE 9-12 expl Teacher FTE] + [CTE 9-12 prep	1,501,107.62

F. Total CTE 9-12 Allocation

329,745,662.45

[CTE 9-12 CIS Salary Total] + [CTE 9-12 CAS Salary

The chart below reflects how the CTE apportionment reports look beginning in the 2013–14 school year. There are three separate columns in order to reflect the portion of the allocation that is generated through the basic education allocation, what is the true value of the CTE enhancement, and what is the total allocation.

Career & Technical Education - High School Report (State Summary)
Apportionment for April 30, 2014 Account 3100

I. Formulated Staffing units for CTE 9-12		Basic Education	CTE Enhancement	Total
1. Certificated Instructional Staff (CIS)				
a. Classroom Teachers				
CTE 9-12 Exploratory ([Enroll 9-12 cte exp] / [CTE 9-12 expl Class	✓	2,284.613	186.590	2,471.203
CTE 9-12 Preparatory ([Enroll 9-12 CTE Prep] / [CTE 9-12 prep Class	✓	0.000	0.000	0.000
b. Librarian, Nurse, Social Worker, Psychologist, Guidance				
CTE 9-12 Exploratory [Enroll 9-12 CTE Exp] * [CTE 9-12 expl Other	✓	241.684	-131.156	110.528
CTE 9-12 Preparatory [Enroll 9-12 CTE Prep] * [CTE 9-12 prep Other	✓	0.000	0.000	0.000
c. Subtotal CIS [CTE 9-12 expl Teacher FTE] + [CTE 9-12 prep	✓	2,526.297	55.434	2,581.731
2. Certificated Administrative Staff (CAS)				
a. School Level Administration ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	✓	171.423	4.286	175.709
b. Central Office Administration ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	✓	47.105	0.808	47.913
c. Subtotal CAS [CTE 9-12 Schl Admin FTE] + [CTE 9-12 Central	✓	218.528	5.094	223.622
3. Classified Staff (CLS)				
a. School Level Classified ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	✓	792.574	0.000	792.574
b. Central Office Classified ([Enroll 9-12 CTE Exp] + [Enroll 9-12 CTE Prep]) *	✓	137.880	0.000	137.880
c. Subtotal CLS [CTE 9-12 Schl CLS FTE]	✓	930.454	0.000	930.454

This number represents the differential between funding other CIS staff at the prototypical high school versus the high school CTE program. The 54,716.48 student FTE enrolled in high school CTE generate 110.528 other CIS staff units, while they would generate 241.684 staff units if they were not CTE students generating funding at the prototypical high school. The difference is the negative 131.156 circled here.

II. Computation for CTE 9-12 Entitlement

A. CTE 9-12 - Certificated Instructional Staff (CIS)

1. CIS Salary Maintenance [CTE 9-12 CIS FTE] * [CIS - Salary Maint] * [CIS Mix]	\$ 135,080,110.20	2,964,039.83	138,044,150.03
2. CIS Salary Increase [CTE 9-12 CIS FTE] * [CIS - Salary Inc] * [CIS Mix] -	\$ 0.00	0.00	0.00
3. Subtotal CTE CIS Salary [CTE 9-12 CIS Salary Maint] + [CTE 9-12 CIS	\$ 135,080,110.20	2,964,039.83	138,044,150.03

B. CTE 9-12 - Certificated Administrative Staff (CAS)

1. CAS Salary Maintenance [CTE 9-12 CAS FTE] * [CAS - Salary Maint]	\$ 13,069,367.22	304,734.88	13,374,102.10
2. CAS Salary Increase [CTE 9-12 CAS FTE] * [CAS - Salary Inc] - [CTE 9-12	\$ -0.15	0.01	-0.14
3. Subtotal CTE CAS Salary [CTE 9-12 CAS Salary Maint] + [CTE 9-12 CAS	\$ 13,069,367.07	304,734.89	13,374,101.96

C. CTE 9-12 - Classified Staff (CLS)

1. CLS Salary Maintenance Total [CTE 9-12 CLS FTE] * [CLS - Salary Maint]	\$ 29,966,098.49	0.00	29,966,098.49
2. CLS Salary Increase [CTE 9-12 CLS FTE] * [CLS - Salary Inc] - [CTE 9-12	\$ -0.94	0.00	-0.94
3. Subtotal CTE CLS Salary [CTE 9-12 CLS Salary Maint] + [CTE 9-12 CLS	\$ 29,966,097.55	0.00	29,966,097.55

D. Staff Units Insurance, Payroll Taxes, and Benefits

1. Certificated Insurance Benefits [CTE 9-12 CIS CAS FTE] * [Health Insurance]	\$ 25,296,307.27	557,826.00	25,854,133.27
2. Certificated Insurance Benefits — Increase [CTE 9-12 CIS CAS FTE] * [Health Insurance Inc]	\$ 0.00	0.00	0.00
3. Certificated — Payroll Tax and Benefits ([CTE 9-12 CIS Salary Maint] + [CTE 9-12 CAS Salary	\$ 27,674,322.28	610,607.24	28,284,929.52
4. Certificated — Payroll Tax and Benefits — Increase ([CTE 9-12 CIS Salary Inc] + [CTE 9-12 CAS Salary	\$ 0.00	0.00	0.00
5. Classified Insurance Benefits [CTE 9-12 CLS FTE] * [Health Insurance] * [CLS Health	\$ 9,878,473.80	0.00	9,878,473.80
6. Classified Insurance Benefits — Increase [CTE 9-12 CLS FTE] * [Health Insurance Inc] * [CLS	\$ 0.00	0.00	0.00
7. Classified — Payroll Tax and Benefits [CTE 9-12 CLS Salary Maint] * [CLS - Benefits Maint]	\$ 6,277,897.66	0.00	6,277,897.66
8. Classified — Payroll Tax and Benefits — Increase [CTE 9-12 CLS Salary Inc] * [CLS - Benefits Inc]	\$ 0.00	0.00	0.00
9. Total Insurance Payroll Taxes and Benefits [CTE 9-12 Cert Insurance] + [CTE 9-12 Cert	\$ 69,127,001.01	1,168,433.24	70,295,434.25

E. Other Generated Entitlements

1. Materials, Supplies, and Operating Costs (MSOC) [Total MSOC -CTE 9-12expl] + [Total MSOC -CTE 9-	\$ 40,327,140.13	36,237,630.91	76,564,771.04
2. Substitutes ([CTE 9-12 expl Teacher FTE] + [CTE 9-12 prep	\$ 1,387,765.29	113,342.33	1,501,107.62

F. Total CTE 9-12 Allocation

[CTE 9-12 CIS Salary Total] + [CTE 9-12 CAS Salary	\$ 288,957,481.25	40,788,181.20	329,745,662.45
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Appendix C:

Indirect costs as defined in Program 97 – Districtwide Support:

Activity	Description	Activity	Description
11	Board of Directors	67	Building and Property Security
12	Superintendent's Office	68	Insurance
13	Business Office	72	Information Systems
14	Human Resources	73	Printing
25	Pupil Management and Safety	74	Warehousing and Distribution
61	M&O Supervision	75	Motor Pool
62	Grounds Maintenance	83	Debt Service Interest
63	Operation of Buildings	84	Debt Service Principal
64	Maintenance	85	Debt Related Expenditures
65	Utilities		

Appendix D:

CTE Director Allocated at 1 per 600 High School FTE or 432 Middle School FTE

	High School	Middle School
April 2014 Apportionment CTE Enrollment	54,716.48	6,644.14
CTE Director Allocation	91.19	11.07
CIS Statewide Salary Allocation	\$ 59,953.41	\$ 59,953.41
Total Salary	\$ 5,467,399.27	\$ 663,898.08
Health Benefits	\$ 840,445.13	\$ 102,053.99
Fringe Benefits	\$ 1,021,310.18	\$ 124,016.16
Total CTE Director Allocation	\$ 7,329,154.58	\$ 889,968.23
Total Cost of CTE Program Directors	\$8,219,122.82	

Appendix E:

History of CTE funding drivers as compared to general education back to the 1978-79 school year.

School Year	Non-Vocational	Vocational	Non-Voc NERC	Voc NERC
1978-79	1:23.5 K-12 1:3 Classified	1:19.6 No Classified	\$3,650 /CIS	\$0
1979-80	1:20 K-12 1:3 Classified	1:16.67 1:60 Classified	\$3,910	\$6,893 /CIS
1980-81	1:20 K-12 1:3 Classified	1:16.67 1:60 Classified	\$4,184	\$7,375
1981-82	1:20 K-12 1:3 Classified	1:18.3 1:60 Classified	\$4,572	\$8,000
1982-83	1:20 K-12 1:3 Classified	1:18.3 1:60 Classified	\$4,966	\$8,641
1983-84	1:20 K-12 1:3 Classified	1:18.3 1:16.67 (SC) 1:60 Classified	\$5,287	\$10,074
1984-85	1:20 K-12 1:3 Classified	1:18.3 1:16.67 (SC) 1:60 Classified	\$5,462	\$10,408
1985-86	1:20 K-12 1:3 Classified	1:18.3 1:16.67 (SC) 1:60 Classified	\$5,614	\$10,698
1986-87	1:20 K-12 1:3 Classified	1:17.5 1:16.67 (SC) 1:60 Classified	\$5,833	\$11,115
1987-88	46:1000 K-12 4:1000 CAS +2:1000 K-3 1:3 Classified	0.92 CIS: 17.5 0.08 CAS: 17.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$5,973	\$11,382
1988-89	46:1000 K-12 4:1000 CAS +3:1000 K-3 1:3 Classified	0.92 CIS: 17.5 0.08 CAS: 17.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$6,188	\$11,792
1989-90	46:1000 4:1000	1:17.5 1:16.67 (SC)	\$6,355	\$12,110
1990-91	46:1000 4:1000	1:17.075 1:16.67 (SC)	\$6,654	\$12,679
1991-92	46:1000 4:1000	1:16.67 1:16.67 (SC)	\$6,848	\$13,049
1992-93	46:1000 4:1000	1:16.67 1:16.67 (SC)	\$7,060	\$13,454
1993-94	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 16.67 0.08 CAS: 16.67 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$7,251	\$13,817
1994-95	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 16.67 0.08 CAS: 16.67 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$7,439	\$14,176

School Year	Non-Vocational	Vocational	Non-Voc NERC	Voc NERC
1995-96	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 18.3 0.08 CAS: 18.3 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$7,656	\$14,587
1996-97	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 18.3 0.08 CAS: 18.3 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$7,786	\$14,835
1997-98	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 18.3 0.08 CAS: 18.3 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$7,950	\$15,147
1998-99	54.3:1000 K-3 46:1000 4-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,053	\$19,775 \$15,344 (SC)
1999-2000	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,117	\$19,933 \$15,467 (SC)
2000-01	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,239	\$20,232 \$15,699 (SC)
2001-02	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,519	\$20,920 \$16,233 (SC)
2002-03	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,604	\$21,129 \$16,395 (SC)
2003-04	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,785	\$21,573 \$16,739 (SC)
2004-05	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$8,855	\$21,746 \$16,873 (SC)
2005-06	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$9,112	\$22,377 \$17,362 (SC)
2006-07	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$9,476	\$23,272 \$18,056 (SC)
2007-08	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$9,703	\$23,831 \$18,489 (SC)

School Year	Non-Vocational	Vocational	Non-Voc NERC	Voc NERC
2008-09	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$10,178	\$24,999 \$19,395 (SC)
2009-10	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$10,179	\$24,999 \$19,395 (SC)
2010-11	53.2:1000 K-4 46:1000 5-12 4:1000 CAS K-12	0.92 CIS: 19.5 0.08 CAS: 19.5 0.92 CIS:16.67 (SC) 0.08 CAS:16.67 (SC)	\$10,424	\$25,399 \$19,705 (SC)
2011-12	25.23 K-3 27 4-6 28.53 7-8 28.74 9-12	26.57 CTE 22.76 SC	\$546.37 /FTE	x2.442 (CTE, \$1,334.24 / FTE) x2.171 (SC, \$1,186.17 / FTE)
2012-13	25.23 K-3 27 4-6 28.53 7-8 28.74 9-12	26.57 CTE 22.76 SC	\$554.57 /FTE	x2.442 (CTE, \$1,354.26 / FTE) x2.171(SC, \$1,203.97 / FTE)
2013-14	25.23 K-3 27 4-6 28.53 7-8 28.74 9-12	26.57 CTE 22.76 SC	\$737.02	\$1,399.30 (CTE) \$1,244.25 (SC)
2014-15	25.23 K-3 27 4-6 28.53 7-8 28.74 9-12	26.57 CTE 22.76 SC	\$848.04 \$164.25 (9- 12)	\$1,417.48 (CTE) \$1,260.41 (SC)

LIST OF TABLES

Table 1: Other CIS Staff Ratio for Basic Education for 2013–14 School Year

Other CIS Staffing Position	Prototypical HS Allocation Per 600 Student FTE	Allocation per 600 Student FTE	
		CTE Programs	Skill Center Programs
Librarian	0.523	0.199	0.233
Counselor	2.009	0.968	1.131
Nurse	0.096	0.037	0.043
Social Worker	0.015	0.006	0.007
Psychologist	0.007	0.003	0.003
Total	2.65	1.213	1.416

These other CIS staffing positions are allocated per 600 student FTE in Grades 9–12. Therefore, the per student calculation is as follows: $(0.523 + 2.009 + 0.096 + 0.015 + 0.007) / 600 = .00442$ or 4.42 per 1,000. The CTE allocation was calculated by first taking the 2.02 per 1,000 times .6 to get the ratio per 600 student FTE ($2.02 * .6 = 1.212$ per 600 student FTE). The 1.212 was then prorated to the different staffing positions on a percentage basis as compared to how they are allocated to the prototypical high school. The same methodology was applied to Skill Centers.

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