

Individual State Agency Fiscal Note

Bill Number: 5475 SB	Title: Education funding	Agency: 350-Supt of Public Instruction
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Susan Mielke	Phone: (360)786-7422	Date: 01/28/2011
Agency Preparation: Isabel Munoz-Colon	Phone: 3607256019	Date: 02/08/2011
Agency Approval: Mike Woods	Phone: 360 725-6283	Date: 02/08/2011
OFM Review: Paula Moore	Phone: (360) 902-0540	Date: 02/09/2011

Request # SB 5475-3

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Sec. 2 (3g) – Delay the inclusion of the highly capable program in the definition of basic education until the 2013-14 school year.

Sec. 3 (4b) – Removes the requirement that the phase-in of class size reductions begin in the 2011-13 school year.

(8b) – Removes the requirement that the phase-in of more funding for materials supplies and operating costs begin in the 2011-13 biennium.

(10c) – Starts allocating funds to the highly capable program using the new funding model in 2013-14 school year.

Sec.4 (1) – Removes the requirement that additional funding for full day kindergarten begin in the 2011-13 biennium.

(3) Makes full-day kindergarten part of basic education in the 2017-18 school year.

Sec. 5 – OSPI is not required to administer the highly capable program until the 2013-14 school year.

Sec. 6 – Suspends the allocation of funds to the highly capable program until the 2013-14 school year.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Suspending Highly Capable Program until 2013-14

Complete suspension of the highly capable program will result in a saving of \$7.34 million in FY12 and a \$9.47 million in FY 13.

Delay Phase-in of K-3 Class Size Reduction

The original legislation did not designate a specific phase-in strategy. Below is one possible phase-in schedule.

Assuming an even phase-in, the state will save \$57 million in FY12 and \$125 million in FY13. The legislation still requires

implementation by the 2017-18 school year, creating a steeper implementation cost in the 2013-15 and 2015-17 biennia. Assuming the class size assumptions in the Governor's proposed budget of 25.23 and an even phase-in schedule, Table I shows the incremental cost of the new phase-in schedule.

Delay Phase-in of Full-Day Kindergarten

The original legislation did not designate a specific phase-in strategy. Below is one possible phase-in schedule.

Assuming the phase-in outlined in the fiscal note for SHB 2776 passed in 2010 the state will save \$24 million in FY12 and \$49 million in FY13. The legislation still requires implementation by the 2017-18 school year, creating a steeper implementation cost in the 2013-15 and 2015-17 biennia.

Assuming the class size assumptions in the Governor's proposed budget of 25.23 and an even phase-in schedule, Table I shows the incremental cost of the new phase-in schedule.

Delay Phase-in of Materials Supplies and Operating Costs

The original legislation did not designate a specific phase-in strategy. Below is one possible phase-in schedule.

Assuming the phase-in outlined in the fiscal note for SHB 2776 passed in 2010 the state will save \$125 million in FY12 and \$283 million in FY13. The legislation still requires implementation by the 2017-18 school year, creating a steeper implementation cost in the 2013-15 and 2015-17 biennia. Table I shows the incremental cost of the new phase-in schedule.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Phase-in Summary for SB 5475 - FY Impacts

New Phase-in Schedule

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Full-Day Kindergarten	\$ -	\$ -	\$ 26,605,593	\$ 54,781,618	\$ 83,572,362	\$ 112,428,125	\$ 157,975,027
K-3 Class Size	\$ -	\$ -	\$ 83,361,385	\$ 191,910,583	\$ 305,750,525	\$ 424,680,293	\$ 549,285,566
MSOC	\$ -	\$ -	\$ 214,558,835	\$ 487,730,863	\$ 775,002,760	\$ 871,197,772	\$ 912,978,859
Total	\$ -	\$ -	\$ 324,525,813	\$ 734,423,064	\$ 1,164,325,648	\$ 1,408,306,190	\$ 1,620,239,452

Original Phase-in Schedule Updated with New Drivers

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Full-Day Kindergarten	\$ 24,442,972	\$ 48,562,639	\$ 65,225,807	\$ 88,534,879	\$ 112,022,356	\$ 135,227,967	\$ 158,587,382
K-3 Class Size	\$ 56,521,261.75	\$ 124,946,421.85	\$ 214,407,167	\$ 302,007,619	\$ 390,744,447	\$ 483,018,513	\$ 579,573,756
MSOC	\$ 124,593,208.24	\$ 283,034,672.18	\$ 443,022,790	\$ 613,961,544	\$ 794,635,399	\$ 871,197,772	\$ 912,978,859
Total	\$ 205,557,442	\$ 456,543,733	\$ 722,655,764	\$ 1,004,504,042	\$ 1,297,402,202	\$ 1,489,444,252	\$ 1,651,139,997

Incremental Cost of Delay

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Full-Day Kindergarten	\$ (24,442,972)	\$ (48,562,639)	\$ 38,620,214	\$ 33,753,261	\$ 28,449,994	\$ 22,799,842	\$ 612,355
K-3 Class Size	\$ (56,521,262)	\$ (124,946,422)	\$ 131,045,783	\$ 110,097,036	\$ 84,993,922	\$ 58,338,219	\$ 30,288,190
MSOC	\$ (124,593,208)	\$ (283,034,672)	\$ 228,463,955	\$ 126,230,681	\$ 19,632,639	\$ -	\$ -
Total	\$ (205,557,442)	\$ (456,543,733)	\$ 398,129,952	\$ 270,080,978	\$ 133,076,554	\$ 81,138,061	\$ 30,900,545

Note: The phase-in schedule above represents one possible implementation strategy. The underling assumption is that funding will be increased incrementally each year.