

SAFS Hot Topics

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Washington Office of Superintendent of
PUBLIC INSTRUCTION

Presenter Information



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Topics for Discussion

- Supplemental Budget Items (FY2025)
- State Investment in K–12
- High Level Overview of 2025–27 Biennium
- Budgeting Tools and Resources
- Binding Conditions and Apportionment Advances
- Accounting Changes
- Other Topics as Assigned

\$50 per pupil – One Time Payment in June

You Get \$50....and You Get \$50....and You Get \$50...

- After budget is signed, the June 2025 apportionment payment will include an additional \$50 per pupil payment.
- This should be coded to revenue code 4158.



2024-25 School Year Appropriations

Transition Kindergarten

Free School Meals Supplemental
Funding



High Level Overview 2025-27 Biennium

Special Education Funding

Limited MSOC Funding

Special Education/MSOC Reporting

Local Levy and LEA Changes

Apportionment Shift/Delay

Transitional Kindergarten



State Investment in K-12 Then and Now

- While total dollars invested in K–12 has increased over the last decade, the K–12 share of investment has declined since the 2019–21 biennium.

	2019-21	2021-23	2023-25	2025-27
Total Spend (billions)	\$26.6	\$27.5	\$31.2	\$33.7
K-12 Percentage	51.6%	44.5%	43.4%	43.2%

- If the state invested 51.6% of its operating budget for the 2025–27 biennium, it would mean an additional \$6.5 billion for schools.

Special Education Funding Enrollment Cap Eliminated



Eliminates the funding cap of resident student enrollment of 16%.



This is effective for the 2025–26 school year.



Special Education Funding

Change in Sped Multiplier /Set Aside



Eliminates the multiple student tiers and increased the multiplier for all students to 1.16.



Funding is reserved for statewide activities (0.006 of allocation).



This is effective for the 2025–26 school year.



Special Education Cost Allocation– New in **2025-26**

Resource reporting for Program 21 expenditures

- Basic Education allocation for special education will be calculated at a standard 25% rate for all districts.
- On the F-196, districts will be expected to show state resources for special education equal to:
 - 3121 and 4121 revenue first. If that does not cover all program 21 expenses, then:
 - Other State Resources up to 3 times the 3121 revenue amount. If that does not cover remaining program 21 expenditures, then:
 - Any other undesignated state or local resources as determined by the district.



Special Education Percentage for 3121

Special Education Funding

- [Special Education Percentage for Revenue 3121 Calculation for 2024-25 \(XLSX\)](#) (Updated June 4, 2024)

Note: Data below is the November 1077 data as reported by the school districts.					
Calculations support the percentage to be used for 2024-25					
apportionment payment under revenue code 3121					
November 2023 1077 Data				November 2023	
Co_Di	ES	Serving District	Total All	BEA Avg Percent	Sped Avg Percent
00000	000	State Total	145,031	74.82%	25.18%
14005	113	ABERDEEN	553	73.13%	26.87%
21226	113	ADNA	70	79.61%	20.39%
22017	101	ALMIRA	18	83.94%	16.06%
29103	189	ANACORTES	360	79.97%	20.03%
31016	189	ARLINGTON	847	76.74%	23.26%



Special Education 3121 Calculation

Account 3121 Special Education, General Apportionment

T. Age K-21 Serving District Special Education Enrollment	567.00
U. General Apport Generated by Special Ed Enrollment IF ([Switch SpEd Coop]) > (0), THEN ([Serving SpEd K-21] * [Coop SpEd BEA Rate], ELSE ([Serving SpEd K-21] * [SpEd BEA Rate]) IF ("No") > (0), THEN (567.00 * 0.00, ELSE (567.00 * 9,969.75)	\$ 5,652,848.25
V. Allowance for Districtwide Expenditures - State Recovery Rate	\$ 0.1500
W. General Apport Available for Instructional Programs ([SpEd Gen Apport]) / (1 + [SpEd State Recovery Rate]) (5,652,848.25) / (1 + 0.1500)	\$ 4,915,520.22
X. Student Average FTE in Special Education Instruction	0.2687
Y. General Apport Allocated for Special Ed Program Acct 3121 IF [ESA112 Coop] > 0, THEN 0 ELSE [SpEd Gen Apport Instruct] * [% Stdnt Avg FTE SpEd] IF 0 > 0, THEN 0 ELSE 4,915,520.22 * 0.2687	\$ 1,320,800.28



Special Education Reporting Concept – F-196 Program / Resource Report

Program	3100/3121 Revenue	Other State Revenue	Federal Revenue	Local Revenue
01-Regular Education	\$19,000,000	\$1,000,000	\$500,000	\$7,500,000
21-Special Education	\$1,000,000	\$5,000,000	\$0	\$0
31-CTE	\$3,000,000	\$3,000,000	\$0	\$0
97- Support Svs	\$7,000,000	\$0	\$0	\$3,000,000

- This will impact how districts report the amount of local resources being spent for special education services.
- That is the legislative intent.



Materials, Supplies, and Operating Costs (MSOC)—School Year 2025–26

MSOC School Year	2024-25	2025-26	Difference
Total MSOC Per Student FTE	\$1,504.44	\$1,614.28	\$109.84
Technology	\$178.98	XXXX	XXXX
Utilities and Insurance	\$430.26	XXXX	XXXX
Curriculum and Textbooks	\$164.48	XXXX	XXXX
Other Supplies	\$326.54	XXXX	XXXX
Library Materials	\$22.65	XXXX	XXXX
Instructional Professional Development for Certificated and Classified Staff	\$28.94	XXXX	XXXX
Facilities Maintenance	\$206.22	XXXX	XXXX
Security and Central Office Administration	\$146.37	XXXX	XXXX



MSOC Compliance - Continuing

For the 2025–26 school year, as part of the budget development, hearing, and review process, each school district must disclose: (A) the amount of state funding provided through MSOC, (B) the amount the district proposes to spend for MSOC, (C) the difference between these two amounts, and (D) any proposed use of this difference and how this use will improve student achievement.



OSPI recommends using disclosure in your budget development process as a means of demonstrating meeting the new MSOC compliance.



MSOC Compliance - Continuing

A portion of the increased MSOC allocation amount of:

- \$35.27 per annual average full-time equivalent student for MSOCs

AND

- \$4.69 per AAFTE in Grades 9-12 for MSOCs

May not be expended for any other purpose.



MSOC Compliance – New in **2026-27**

MSOC Expenditures will need to be reported annually by school district in many new disaggregated categories:

- Technology devices
- Software licenses
- Technology or Software Maintenance/Repair
- Election Fees – Board
- Election Fees – Bonds and Levies
- Contracted Professional Development
- Safety and Security
- Dues and Fees
- Contracted Technology Staff
- Library Materials
- Utilities
- Insurance
- Curriculum and textbooks
- Facilities, maintenance not funded by CPF
- Property and Equipment not funded by CPF



Running Start Rates

RUNNING START RATE	2024-25	2025-26	INCREASE
Non-Vocational	\$10,037.85	\$10,291.15	\$253.30
Vocational	\$10,916.85	\$11,156.93	\$240.08

National Board Stipends

Despite proposed cuts to NBCT stipends in earlier proposals....

FUNDED

No change to National Board Certified Teacher Stipends



Legislative Funding Study – No New Money

- K-12 Funding Equity Work Group
 - Analyze Funding Formulas and Revenue Sources.
 - Options for revising funding formulas that address system and resource inequities.
 - Options that address state, local and regional needs.
 - Consider weighted student funding formula.
 - Options for state and local tax authority.
 - Metrics for monitoring and accountability.
- Membership: Educators, school and district administrators, labor unions, families, students, community partners, the Department of Revenue, and legislators.
- Final Report due October 2027.



K-12 Compensation



Inflationary increase in budget is 2.5%.

Classification	2024–25	2025–26
Certificated Instructional	\$78,209	\$80,164
Certificated Administrative	\$116,092	\$118,994
Classified	\$56,105	\$57,507



Min. and Max. CIS Salary for 2025–26*

*Salaries represented below do not include regionalization.

School Year	IPD	Minimum	Min w/ 5 yrs.	Maximum
2017–18	-	\$40,000	\$44,000	\$90,000
2018–19	1.9%	\$40,760	\$44,836	\$91,710
2019–20	2.0%	\$41,575	\$45,733	\$93,544
2020–21	1.6%	\$42,240	\$46,464	\$95,041
2021–22	2.0%	\$43,085	\$47,394	\$96,942
2022–23	5.5%	\$45,455	\$50,001	\$102,274
2023–24	3.7%	\$47,137	\$51,851	\$106,058
2024–25	3.7%	\$48,881	\$53,769	\$109,982
2025-26	2.5%	\$50,103	\$55,113	\$112,732



Transition to Kindergarten (TK) - Update



Considered a new GRADE – Transition to Kindergarten (2023 Legislative Session outcome).

The new grade is still not considered basic education. Expenditures must remain in sub-fund 1.

Enrollment is capped (for funding) at same level as last year. This means Districts will be limited to their prior year AAFTE amount for funding purposes.



Levy and LEA Impacts



Levy Authority is increased by \$500 in 2026 and by 3.33% above inflation for 2027 to 2030.



For districts with ALE in excess of 33% of the AAFTE in district, LEA is reduced.



LEA is increased by an inflation enhancement of \$150 for 2026 and \$250 in 2027.



Expenditures must be coded to the sub-fund of the general fund.



Federal Forest Revenue – Deduction from Apportionment

- Impact will vary year to year based on the amount of federal forest money received by each district.
- In 2024–25, the total statewide revenue was \$1.7 million.
- In prior years it was greater than \$6m – but the Secure Rural Schools funding authority has expired and unless it is restored – the new lower funding level is expected in the future.
- Beginning in 2025–26, districts will have their apportionment payment reduced in an amount equal to the amount of Federal Forest they receive in the month it is distributed (usually April).

Apportionment Payment Shift

Based on House and Senate budgets, we expected an apportionment shift to happen in June 2026. This WAS NOT included in the final budget.



What about the Budgeting Systems & Tools?

Systems

- F-203 will be available no later than 5/31/2025.
- We will leave the F-203 open later into the fall before transitioning to the x-option. The x-option will be released around Thanksgiving.
- F195/F195F will be released no later than 5/31/2025.

Drivers and Tools (available on [Budget Preparations \(ospi.k12.wa.us\)](https://ospi.k12.wa.us))

- Budget Drivers ("John Jenft") Summary and Multi-Year budget comparison tool.
- **FINAL** Poverty for LAP and HiPov LAP for the 2025-26 school year.
- Enrichment Levy Pre-Ballot Approval Form with worksheet for Estimating Levies through CY2029.



School Districts and Financial Health

- Binding conditions rules have changed to include negative fund balances in budgets, budget extensions, financial statements.
- OSPI maintains the Financial Health Indicators Model as required by statute.
- Currently there are 6 districts on binding conditions.
- OSPI is **considering** future rule changes to exclude all fund balance categories except for unrestricted when determining if you are in a negative position and must be placed on binding conditions.

NEW – OSPI Rule Change TVF

- OSPI amended WAC 392-123-140 to allow districts in binding conditions to loan money from their Transportation Vehicle Fund (TVF) to their General Fund (GF) to maintain a positive cash flow.
- These loans must be pre-approved by OSPI.
- Districts must submit approved copies of board resolutions with all required information to OSPI at least five working days before the planned transaction date.
- In no case can a loan from the TVF occur without prior approval from OSPI.

Apportionment Advances

State allows districts to receive apportionment funds in advance of the schedule defined in statute.



This could be a cash flow solution for districts, should not be considered a budget balancing strategy.



Current law:

Repayment requirements on next slide.

Does not allow for advances in August or September (WAC).

Does not allow advances to be outstanding into the next apportionment year (RCW).



Apportionment Advances

Advance Month	Minimum Repayment Requirement		
	No Later Than June 30	July	August
October - May	50%	50%	
June	n/a	50%	50%
July	n/a	n/a	100%
August - September	Advances not granted during these months.		

- In no case can a district repay and then re-advance funds in subsequent months.
- [WAC 392-121-442](#): remains unchanged – districts still required to report and repay any interest earned on apportionment advance payments.

School District Budgeting

School districts must submit a balanced budget to OSPI annually August or September, depending on size.

If budget is not balanced at the end of the fiscal period, the school district must request permission from OSPI to include future revenues to balance current year budget.

Approval of the request for permission comes with binding conditions to improve financial condition.

Binding conditions are a set of financial goals or constraints the district must adhere to and/or achieve.



Other Items of Note



Budget Impact on OSPI

- Six percent reduction in agency administration in addition to reduction of staff funded by provisos and grants.
- Additional reductions may occur later in the year to address any reductions in federal funding.
- This may result in a decrease in services or longer wait times for services.

Reminder from 2024 Legislative Session

- **2SHB 5882** provided more funds through the prototypical school model allocations of paraeducators, office support, and instructional aides.
- Revenue associated with this change is identified separately on the 1191 INC.
- Funds must be used for increased staffing, preventing layoffs, or increased salaries as defined by OSPI in rule.
- Districts must report use of funds identified on the 1191 INC by category of allowable use to OSPI as part of the F-196 process.

CTE Changes for 2025-26 SY

- **CTE Carryover/Recovery** - creates an opportunity for districts to save carryover over multiple years by transferring into the CPF.
- **Indirect Rates**- most districts will see a reduction of their indirect rates due to a change in statute a few years ago.
- **Accounting Changes** – Activity 72 Information Systems will be closed. Activity 63 Operation of Buildings and Activity 65 Utilities will be open.



Final Thoughts – Aren't these two done yet?

- Starting with the 2025-26 School Year, Continuous Learning 2.0+ will no longer be an option as an educational delivery model under any circumstances.
- Transportation Safety Net is eliminated for the 2025-26 school year.
- New apportionment system is funded. Three-year project to modernize the apportionment system. Full implementation expected for the 2028-29 school year (starts during the 2027-28 school year for subsequent year budgets).



Program Webpages and Resources

Program Webpages:

- [School Apportionment & Financial Resources \(SAFS\)](#)
- [Child Nutrition Services](#)
- [Student Transportation](#)
- [School Facilities & Organization](#)
- [Federal Fiscal Policy](#)



SANDBOX - How does 3121 Work?

- Calculate General Apportionment for Instruction
 - Number of Special Ed Students
 - Times Basic Ed Funding Per Student
 - Divided by 1.15 (Recovery Rate)
- That result times an estimated percent that a student is outside the basic education environment (NOW 25%)

• EXAMPLE: NEW FORMULA

- Students K-22 Sped 567.0
- Basic Ed Funding 9,969.75
- Divided by 1.15
- Multiplied by 25%

\$1,228,880



SANDBOX - How does 3121 Work?

- EXAMPLE: OLD FORMULA

(ABERDEEN)

- Students K-22 Sped 567.0
- Basic Ed Funding 9,969.75
- Divided by 1.15
- Multiplied by .2687%

\$1,320,800

- EXAMPLE: NEW FORMULA

(ABERDEEN)

- Students K-22 Sped 567.0
- Basic Ed Funding 9,969.75
- Divided by 1.15
- Multiplied by 25%

\$1,228,880

\$90K Less in 3121



SANDBOX - How does 3121 Work?

- EXAMPLE: OLD FORMULA

(LK Washington)

- Students K-22 Sped 2686.72
- Basic Ed Funding 11,303.82
- Divided by 1.1209
- Multiplied by .2260%

\$6,123,352

- EXAMPLE: NEW FORMULA

(LK Washington)

- Students K-22 Sped 2686.72
- Basic Ed Funding 11,303.82
- Divided by 1.1209
- Multiplied by 25%

\$6,773,619

\$650K More in 3121

Thank you!

