Washington Office of Superintendent of
PUBLIC INSTRUCTION

Meeting the State's Constitutional Obligation to Fund Basic Education for Every Student

2027-29 Biennium Operating Budget Decision Package

Agency: 350 Office of Superintendent of Public Instruction
Budget period: 2027-29
Budget level: PL

RECOMMENDATION SUMMARY

School districts across the state are in financial distress. Costs for non-staff essentials like insurance and utilities have skyrocketed while funding models lag significantly behind inflation. Compensation allocations have not kept pace with market conditions, and programmatic requirements exceed funded levels. The Office of Superintendent of Public Instruction (OSPI) requests full funding of insurance and utilities, materials and supplies for categorical funding programs, transportation costs for special passengers, substitutes for critical staffing positions, and increased compensation for classified staff. The total cost of this request is $1.2 billion in the 2027-29 biennium.

FISCAL DETAIL

Operating Expenditures	FY 2028	FY 2029	FY 2030	FY 2031
Fund 001-1 General Fund	$503,500,000	$693,400,000	$899,700,000	$979,100,000
Total Expenditures	**$503,500,000**	**$693,400,000**	**$899,700,000**	**$979,100,000**
Biennial Totals	**$1,196,900,000**		**$1,878,800,000**	
Staffing	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
FTEs	0.0	0.0	0.0	0.0
Average Annual	**0.0**		**0.0**	
Object of Expenditure	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Obj. N	$503,500,000	$693,400,000	$899,700,000	$979,100,000
Revenue	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Total Revenue	**$0**	**$0**	**$0**	**$0**
Biennial Totals	**$0**		**$0**	

PACKAGE DESCRIPTION

Public K-12 education is at the heart of Washington communities and its government. It is enshrined within the state constitution as its paramount duty and is the mechanism through which the vast majority of Washingtonians gain the knowledge, experience, and technical and social emotional skills that allow them to thrive as adults, allowing the state, in turn, to thrive. For more than four decades, Washington state has struggled to meet its constitutional obligation to amply fund basic education.

Accumulating pressures from years of inadequate funding is threatening Washington's most fundamental structure, with schools across the state in or near financial crisis, driving increasingly inequitable opportunities to students, and weakening the state's economic and social structure. Failure to sustain minimum funding levels necessary to meet the constitutional and statutory obligation of basic education is resulting in school closures and detrimental cuts across the state to essential staff, student services, and programs.

What is the problem, opportunity, or priority you are addressing with the request?

Statutory Basis for this Request

State law requires OSPI to submit "detailed estimates and other information to the governor" to assist in determining the "total estimated amount required for appropriation from the state general fund for state support to public schools during the ensuing biennium." (RCW 28A.300.170). Further, RCW 28A.150.250 directs the Superintendent of Public Instruction to distribute the annual basic education allocation to school districts using the formulas established in RCWs 28A.150.260, 28A.150.390, and 28A.150.392, and provides that the instructional program of basic education is considered fully funded only when the Legislature appropriates the dollars necessary to fund the program requirements identified in RCW 28A.150.220 in accordance with that formula.

OSPI administers this formula and receives annual district-level financial and staffing data. Using these data, OSPI can identify where the model's underlying assumptions have fallen out of alignment with the actual, documented cost of delivering core elements of basic education. This decision package identifies five specific components of the prototypical model where current state allocations fall short of actual district costs and requests the funding necessary to close each gap over the 2027-29 and 2030-31 biennia.

This request is also grounded in the state's paramount constitutional duty to provide ample funding for basic education, described below.

Legal Background

Article IX, Section 1 of the Washington State Constitution affirms: "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders..."

The Washington Supreme Court has repeatedly affirmed that this language creates a binding and enforceable duty. In McCleary v. State (2012), the Court stated:
"Article IX, section 1 confers on children in Washington a positive constitutional right to an amply funded education." The Court further clarified that:
"The word 'ample'… means considerably more than just adequate." This constitutional standard requires the State to provide funding that is sufficient to fully support the program of basic education it defines in statute.

The modern legal framework originates with the Doran decisions (Seattle School District No. 1 v. State, 1977–78), wherein the courts found the State was failing to meet its constitutional duty. The Doran rulings established that the Legislature must define a program of basic education and must fully fund that program using regular and dependable state revenue sources. The court explicitly rejected reliance on local levies, concluding that local funding was neither stable nor equitable.

Although the Legislature responded by adopting the Basic Education Act of 1977, over time the State again shifted away from this model. Local levies increasingly funded core educational services, creating inequities tied to local property wealth and undermining the constitutional requirement for dependable state funding.

In McCleary v. State (2012), the Court again found the State in violation of its constitutional duty. Considering the state's methodology for funding basic education at that time, the Court determined that:

"State funding [at this time] is not ample, it is not stable, and it is not dependable."

The Court further held:

"Reliance on levy funding to finance basic education was unconstitutional 30 years ago… and it is unconstitutional now." The Court made clear that the State must fund the full cost of the program of basic education through dependable state sources and may not rely on local levies or other unstable funding mechanisms.

The Legislature responded to the McCleary decision by adopting reforms culminating in the 2017 legislative solution (EHB 2242). In its filings to the Court, the State asserted that the enacted legislation would "amply fund the State’s program of basic education" and that the prototypical school model would provide a comprehensive and sufficient funding framework.

Failure to Sustain Ample Funding and Regression from McCleary

Despite the legislative response to McCleary, the State has not sustained a funding system that meets the constitutional standard articulated by the Court or the commitments made by the Legislature. The constitutional requirements established in Doran and McCleary remain clear: the State must fully fund the actual cost of basic education using stable and dependable state revenue sources. However, current conditions demonstrate that these requirements are not being met.

The State represented that the new funding system would fully fund staff compensation, materials, supplies, and operating costs, and eliminate reliance on local levies. However, in practice, compensation allocations have not kept pace with market conditions, non-staff costs have lagged behind inflation, and programmatic requirements exceed funded levels.

School districts across Washington continue to rely on local levies and other supplemental funding sources to support core basic education services. This reliance mirrors the system explicitly rejected by the Court and reflects a structural gap between state funding allocations and the actual cost of providing basic education. As the Court stated in McCleary:
"If the State’s funding formulas provide only a portion of what it actually costs… the Legislature cannot maintain that it is fully funding basic education." Current funding levels and allocation methodologies demonstrate that this gap persists.

Basic Materials, Supplies, and Operating Costs (MSOC) including utilities and insurance costs

School districts must meet specific legal and operational insurance requirements to protect students, staff, and property. This is inclusive of self-insurance, state-mandated health benefits, facility and event insurance, and other types such as general liability, workers’ compensation, property insurance, and more. Funding to cover insurance is allocated as part of the Materials, Supplies, and Operating Costs (MSOC), which is dedicated to support a variety of basic operational costs. In addition to insurance, MSOC also is used to fund basic utilities, instructional materials, professional development, technology, facilities maintenance, and more.

The property and casualty insurance landscape continues to evolve. Weather-related events and market pressure have impacted rates and capacity nationwide. Reinsurance and excess insurance carriers are dramatically increasing premiums, offering less coverage, and sometimes even leaving the state and refusing to write coverage. Unlike traditional insurance, Washington's school risk pool allows districts to contribute to a shared fund that pays for legal claims and settlements. As payouts have surged, every participating district is now paying more, even those with no history of abuse claims. Across Washington state, school districts are seeing increases at rates of 20-65% in 2026-27 In May of 2026, roughly 130 school districts participating in the

Washington Schools Risk Management Pool (WSRMP) were notified that their rates will increase by an average of 45 percent for the coming school year, far exceeding an earlier projected increase of 18%. Costs to cover basic insurance have continued to rise exponentially, and funding allocations have not kept up.

Since 2019, basic operating costs have also seen a 30% rise, and certain categorical programs including Learning Assistance Program, the Transitional Bilingual Program, and the Highly Capable Program – all programs defined by the Legislature as mandatory components of Basic Education – do not even generate an MSOC allocation. This puts a strain on the very minimal categorical allocation and erodes buying power that could be used for direct student supports.

MSOC is adjusted based on a per-pupil enrollment factor, despite many of these factors not being directly connected to the number of students served. In the last 8-10 years, the Legislature has increased MSOC by around 30%. However, this investment has not kept pace with the rising costs. To make matters worse, enrollment declines post pandemic have stripped schools of critical resources to pay for things like insurance and utilities, costs that do not adjust when student enrollment goes down. As insurance and operating costs continue to rise faster than funding, districts are forced to reduce staffing and postpone critical facility maintenance, or scale back programs that directly support students, compromising their ability to meet the state's commitment to support an evolving program of instruction intended to reflect the changing educational opportunities that are needed to equip students for their role as productive citizens

Unfunded substitute allocations for teachers, nurses and paraeducators

For certificated and classified employees, districts must provide annual leave for illness, injury, and emergencies at a rate not to exceed twelve days per fiscal year. For persons under contract with the school district, districts must have a policy granting at least 10 days of leave. The funding model provides for 4 days per year for certificated staff only. The market rate for paying a substitute in Washington is over $200 per day. The funding model currently allocates $151.86 per substitute. These rates have not been adjusted since 2009.

Paraeducators are invaluable contributors to the education system. Paraeducators work together with certificated educators to support students who need additional academic or behavioral support and to deliver personalized support to students with disabilities to ensure equitable learning opportunities. Despite the system's reliance on qualified, certificated paraeducators, the funding model does not include a specific allocation to cover substitutes for this position type.

School districts are required to provide very specific health services to students, many of those which can only be provided by a school nurse:

- The administration of oral medications
- Medications and emergency care for students with a life-threatening health condition,

including but not limited to diabetes, asthma, and anaphylaxis

- Life-saving injections
- Other accommodations aligned to an Individualized Education Program or 504 plan.

There is no substitute allocation to support coverage for nurses when a school nurse is on leave. Some students require a licensed nurse at all times, such as students with type 1 Diabetes, tracheostomies, who are on ventilators, or just students who are medically fragile and complex. If a nurse is on unplanned leave due to illness or other reasons, the district must find a substitute in order to maintain access to services. Without a nurse present, the student may be unable to attend school that day.

Gaps in required student transportation costs

Transportation to and from school is a basic education entitlement. The current student transportation funding model does not adequately meet the needs of school districts or the state. Most notably, the Legislature has continued to increase the scope and responsibility of school districts to meet these transportation obligations, specifically for students with disabilities, students experiencing homelessness, and youth in foster care.

OSPI administers the McKinney-Vento Education of Homeless Children and Youth Assistance Act, which ensures immediate enrollment, transportation to the "school of origin", and additional supports for students experiencing homelessness. Often, maintaining transportation outside of the school district comes with additional costs not currently recognized by the funding formula. Similarly, youth in foster care must remain in their school of origin while best determinations are made for where the student will attend school. The school district is responsible for maintaining transportation to and from the student's current residence, even if outside of the district boundary. Students with disabilities may need special accommodations to be transported safely to and from school. None of these special circumstances are factored into the funding model. The Legislature has funded a transportation safety net in the past. In 2025, the Legislature allocated $13 million. Applications for funds were submitted totaling more than $67 million.

Insufficient allocations required for classified salaries necessary to attract and retain a qualified workforce

From the Doran decisions through the McCleary decision, the court has held that the state has an obligation to provide ample funding to attract and retain K-12 personnel. Classified staff are part of the basic education costs the state is required to fund under RCW 28A.150.260(1), right alongside certificated teachers and administrators. These staff often provide individualized support for student learning needs, but high turnover rates are disrupting student learning. Districts are bearing additional costs to recruit and train new employees when turnover occurs. The state must increase wages for classified positions to meet its obligation to provide ample funding to recruit and retain personnel in these key roles.

As a result of the above specified shortfalls, the State has effectively regressed to conditions similar to those that existed prior to the McCleary decision, including structural underfunding, reliance on local resources, and a persistent mismatch between statutory expectations and fiscal reality. While nominal funding levels have increased, the underlying constitutional deficiency remains unchanged: the State has not established a system that consistently aligns funding with the actual cost of delivering the program of basic education.

The Superintendent proposes a targeted set of investments focused on meeting minimum compliance with the State Constitution and case law surrounding basic education funding. If implemented, this first step would improve the reliability and sufficiency of basic education funding and provide the necessary resources to better meet the needs of students.

What is your proposal?

This proposal includes five concrete recommendations:

1. Fully fund insurance and utilities as a designated component of Materials, Supplies, and Operating Costs (MSOC).
2. Include Materials, Supplies, and Operating Costs (MSOC) in categorical programs.
3. Cover the cost of substitutes for educators, school nurses, and paraeducators.
4. Provide funding for transportation of special student populations.
5. Increase classified salary allocations to attract and retain a qualified workforce.

Addressing Unfunded Basic Materials, Supplies, and Operating Costs Including Utilities and Insurance Costs

Under this proposal, utilities and insurance costs will be treated as discrete funding categories within the Materials, Supplies, and Operating Costs section of the prototypical school model. Funding within this category will be increased in the 2026–27 school year by 18% for the 2026-27 school year. For school years 2027-28 and beyond, the assumed inflation rate is 8%.

Additionally, for Utilities and Insurance Costs, OSPI proposes the creation of a Safety Net for these costs beginning in the 2026–27 school year to be paid at the end of each school year based on the difference between the actual allocation and funding provided by district. The first safety net disbursement would occur in December 2028 based on actual financial statement data provided by school districts. OSPI recommends that the safety net allocation be set at $115 million for FY 2029 and $126.5 million for FY 2030.

Finally, OSPI proposes an increase in the overall MSOC allocation by $162 per FTE in categories other than insurance and utilities in the 2027–28 school year. This amount represents the difference between the MSOC allocation for those categories and actual spending by school districts on average for the 2024–25 school year escalated by the implicit price deflator to 2027–28 on a per pupil basis.

Addressing Unfunded Materials, Supplies, and Operating Costs (MSOC) in categorical programs

OSPI proposes to increase the allocation for the Learning Assistance Program, the Transitional Bilingual Program, and the Highly Capable Program – all programs defined by the Legislature as mandatory components of Basic Education – to include a $100 per student allocation for basic instructional materials and supplies. These materials and supplies include the cost of curriculum, instructional materials, teaching materials, interim assessments and tools, and teacher training materials and supplies. These funds are for allocation purposes only but must be used for non-employee-related costs within each of the categorical programs.

Addressing Unfunded Substitute Teacher, Nurse and Paraeducator Costs

OSPI proposes to phase in an increase to the allocation for substitute staff within the prototypical model by providing funding for 10 days of a substitute staff person for each state funded teacher, nurse, and paraeducator within the prototypical school model.

OSPI further proposes to increase the amount funded for each teacher and nurse to $275 (including mandatory benefits) and the amount for each paraeducator to $150 (including mandatory benefits) for the 2027–28 school year and be phased in over the next four school years.

Addressing Unfunded Student Transportation Costs

OSPI proposes the inclusion of a safety net to address mandatory costs of transporting students to and from school that are required as part of state and federal law, funded at $90 million per year. These students are provided transportation as required by an Individualized Education Program (IEP) within the program of special education, by the McKinney Vento act, or are temporarily in a foster care setting.

Addressing Classified Salaries Necessary to Attract and Retain a Qualified Workforce

OSPI proposes providing an additional 2% cost of living adjustment in the 2027–28 and 2028–29 school years for classified staff that is in addition to the implicit price deflator adjustment included in the prototypical school model.

OSPI assumes that half of all classified staff are funded through sources outside of the prototypical school model but proposes that the additional enhancement be sufficient to provide all non-supervisory, classified staff with an adjustment. OSPI proposes that all funds provided through this enhancement must be spent by the district for such salary enhancements. OSPI also assumes that the actual adjustments will be determined at a local school district level, subject to collective bargaining and nothing in the proposal is an entitlement by a particular employee or group of employees.

How is your proposal impacting equity in the state?

Please describe in detail how this proposal is likely to benefit communities and populations who have historically been excluded by governmental decisions. Include both demographic and geographic information about communities.

This proposal is designed to reduce the state's reliance on local levy revenue to cover basic education costs. Districts with lower assessed property values, many of which serve higher concentrations of low-income students, students of color, English language learners, and students in rural or geographically isolated communities, stand to benefit most from shifting these costs out of local levies and into stable state funding. Several elements target historically underserved populations directly: the Learning Assistance Program serves nearly 500,000 students who are low-income or academically at risk; the Transitional Bilingual Program serves roughly 160,000 multilingual learners; and the transportation safety net directly funds transportation for students in foster care and students experiencing homelessness under the McKinney-Vento Act, populations that already face significant instability.

Several elements also target specific populations directly:

Element 2 – Categorical MSOC Increase

The categorical MSOC increase provides new, dedicated materials funding for the Transitional Bilingual Instructional Program (English learners, usually concentrated in immigrant and refugee communities), the Learning Assistance Program (low-income students, students needing additional support to reach grade level), and the Highly Capable Program.

Element 3 – Substitute Funding

The substitute staffing proposal benefits districts without significant levy capacity, and who cannot continue subsidizing substitute coverage with local funding.

Element 4 – Transportation Safety Net

The transportation safety net specifically funds transportation for students with IEPs, students experiencing homelessness under McKinney-Vento, and foster youth, three populations with well-documented, historically underfunded service gaps.

Describe how your agency engaged with communities and populations, particularly those who have been historically excluded and marginalized by governmental decisions?

This decision package is informed by and reflects the work of the Funding Equity Workgroup established by the Legislature through passage of 2025 HB 2049. Membership of this group represents a wide variety of voices, roles, and organizations within the K–12 landscape, and can be found on the workgroup website.

What input did your agency receive and how was it incorporated into your proposal?

In 2022, the Compensation Technical Workgroup recommended the rate be increased by the same percentage as the recommended starting salary allocation for teachers to a daily allocation of $221.36 (Compensation Technical Working Group) as well as expanding additional substitute allocations to also cover the costs of substitutes for paraeducators.

OSPI has continued to receive input from the K–12 Funding Equity Workgroup through a series of meetings in 2025 and 2026. While that feedback has informed this decision package, a full report of the group’s work will be submitted to the Legislature and available on OSPI’s website in November of 2026.

Explain why and how these equity impacts will be addressed, i.e., consider communities or populations excluded or disproportionately impacted by the proposal.

A robust and well-funded basic education system is the necessary foundation for improving equity and closing educational opportunity gaps. The chronic underfunding of MSOC, for example, leads to districts cutting staff and direct supports to students to cover their insurance and utility bills. Because this proposal's funding flows through the state's existing distribution formulas, its equity benefit is automatic rather than discretionary: districts with less local capacity see the largest relative gain, and the categorical MSOC and transportation safety net elements are targeted directly at LAP, TBIP, Highly Capable, IEP, McKinney-Vento, and foster care populations.

Closing these gaps frees districts to redirect capacity toward the students furthest from educational justice, rather than toward basic operating costs the state was already obligated to fund.

What are you purchasing and how does it solve the problem?

This request would fund five discrete corrections to the prototypical school model, each targeting a specific area where current state allocations fall below actual, documented costs of delivering basic education. Together, they represent a first step toward closing the structural gap between state funding formulas and the real cost of basic education.

Basic Materials, Supplies, and Operating Costs (MSOC), Including Utilities and Insurance

This request would fund an 18% increase to the utilities/insurance allocation in 2026– 27 (from $461.67 to $544.72 per student), continued inflation adjustments through 2028– 29, a new safety net to reimburse districts for utility and insurance costs above the funded rate, and a $162 per-FTE increase to non-utility/insurance MSOC to align funding with actual district spending. This directly addresses the Court's finding that when "state funding formulas provide only a portion of what it actually costs," the Legislature cannot claim to be fully funding basic education when districts are currently covering this gap through local levies, the exact mechanism *Doran* and *McCleary* rejected.

MSOC in Categorical Programs

This request would fund a new $100 per-student instructional materials and supplies allocation within the Learning Assistance Program, Transitional Bilingual Program, and Highly Capable Program, all statutorily mandatory basic education components that currently receive staffing funding but no dedicated materials funding. This closes a specific, previously unfunded category within programs the Legislature itself has already defined as basic education.

Substitute Teacher, Nurse, and Paraeducator Costs

This request would fund 10 days of substitute coverage per state-funded teacher, nurse, and paraeducator, phased in from 25% (2027– 28) to full funding (2030– 31). Substitute coverage is a real, unavoidable operating cost of running a school; funding it directly reduces districts' reliance on local levy dollars to cover a basic staffing necessity.

Student Transportation Costs

This request would fund a transportation safety net for legally mandated transportation for students receiving special education services, students experiencing homelessness, and students in foster care, where actual costs exceed the current transportation model's funding. This addresses a mandatory, non-discretionary cost currently absorbed locally.

Classified Salary Competitiveness

This request would fund a 4% enhancement to state-funded classified salary allocations (covering both state-funded staff and the roughly half of classified staff funded outside the prototypical model) for 2027– 28 and 2028– 29, continuing at IPD thereafter for state funded staff. This addresses workforce retention pressures that, left unaddressed, degrade the "ample" staffing the constitutional standard requires - an amply funded program is meaningless if districts cannot staff it.

Collectively, this request targets actual, documented gap between what the state currently allocates and what districts are already spending to deliver mandatory basic education services. Each element is a direct, incremental correction toward the "regular and dependable state revenue sources" standard set in *Doran* and reaffirmed in *McCleary*, reducing the degree to which districts must rely on local levies to fund core, legally required functions.

What alternatives did you explore and why was this option chosen?

If this proposal is not funded, the state will continue operating a program of basic education that does not meet the ample, stable, and dependable funding standard required by Article IX, Section 1 and reaffirmed in Doran and McCleary. School districts will continue relying on local excess levies and Local Effort Assistance to cover mandatory, non-discretionary costs, the same funding structure the Washington Supreme Court has twice ruled unconstitutional. This perpetuates the inequity the Court sought to eliminate: districts with high property values can more easily backfill these gaps through local levies, while property-poor and rural districts cannot, producing unequal access to basic education services based on where a student happens to live. Left unaddressed, these unfunded costs will continue to draw down district reserves, and pressure cuts to instructional and student support staff and programs.

OSPI considered several alternatives before proposing this package. Maintaining the status quo was rejected because current allocations do not reflect districts' actual, documented costs. A larger, single comprehensive rebasing of the prototypical model would more fully close the funding gap but was not proposed at this scale given the state's current fiscal outlook. OSPI instead prioritized the cost categories with the most acute and best-documented gaps between funded and actual district spending. Phased implementation was chosen for the transportation safety net and substitute-staffing elements specifically to allow the state to move toward full funding while managing near-term fiscal impact, rather than requesting the full cost in a single year.

Options with lower cost: OSPI considered smaller or single-element versions of this request, but concluded that a disjointed approach would leave significant, documented cost gaps unaddressed and would not materially advance the state toward its constitutional funding obligation.

What resources does the agency already have that are dedicated to this purpose?

Within existing resources, OSPI allocates funding to districts strictly according to the prototypical school model formulas currently in statute. Districts that are already covering the costs addressed by this proposal - unfunded MSOC, insurance/utilities, substitute staffing, transportation, and classified compensation- do so by redirecting local levy revenue, drawing down fund balances, or reducing other budgeted expenditures, none of which are options available to OSPI at the state level, and none of which are equitably available across districts. OSPI does not have discretionary funding capacity to close these gaps without legislative appropriation.

ASSUMPTIONS AND CALCULATIONS

Expansion, reduction, elimination or alteration of a current program or service:

This proposal represents significant changes to the current prototypical school funding model, and historical funding levels are referenced in several sections.

The Legislature has funded a transportation safety net dedicated to special passengers for multiple years. Historical funding trends for the past two years are included in the table below:

Table 1. Funding history of transportation special populations safety net budget proviso

	2024	2025
Total Approp.	$13,000,000	$13,000,000
# of districts paid	67	71
Average Payment	$194,029.85	$183,098.59
Total Demand	$33,543,409	$67,603,413

Detailed assumptions and calculations:

Addressing Unfunded Basic Materials, Supplies, and Operating Costs Including Utilities and Insurance Costs

Under this proposal, utilities and Insurance Costs will be treated within the prototypical model as discrete funding categories within the Materials, Supplies, and Operating Costs section of the prototypical school model. Funding within this category will be increased in the 2026–27 school year by 18%. For school years 2027-28 and beyond, the assumed inflation rate is 8% from an assumed $461.67 per student allocation in the 2025–26 school year to $544.72 in the 2026–27 school year. For school years, 2027-28 and beyond, the assumed inflation rate is 8%, increasing the allocation in 2027-28 to $588.30 in the 2027–28 school year and $635.36 in the 2028–29 school year.

For the Utilities and Insurance Costs safety net, the first disbursement would occur in December 2028 based on actual financial statement data provided by school districts. OSPI recommends that the safety net allocation be set at $115 million for FY 2029 and $126.5 million for FY 2030.

Increasing the overall MSOC allocation by $162 per FTE in categories other than insurance and utilities in the 2027–28 school year. This amount is based on the difference between the MSOC allocation for those categories and actual spending by school districts on average for the 2024–25 school year escalated by the implicit price deflator to 2027–28 on a per pupil basis. This would increase the overall allocation, not including utilities and insurance from $1,214.50 in the 2027–28 school year to $1,376.50.

OSPI used the number of estimated FTE student count for each year, not including the FTE in CTE and skills center programs. This ranged from 958 thousand FTE in FY 2027 to 942 thousand FTE in FY 2031.

The total cost of the proposal to address the mandatory and necessary minimum costs of materials, supplies, and operating costs including utilities and insurance is:

FY 2028/SY 2026027 – (Total: $64,100,000)

- Program 021 General Apportionment $52.7 Million
- Program 026 Special Education $11.3 Million
- Program 035 Institutions $14,000

FY 2028 – (Total: $344,500,000)

- Program 021 General Apportionment $298.6 Million
- Program 026 Special Education $45.8 Million
- Program 035 Institutions $57,000

FY 2029 – (Total: $463,400,000)

- Program 021 General Apportionment $401.7 Million
- Program 026 Special Education $61.6 Million
- Program 035 Institutions $84,000

FY 2030 – (Total: $482,400,000)

- Program 021 General Apportionment $418.2 Million
- Program 026 Special Education $64.1 Million
- Program 035 Institutions $87,000

FY 2031 – (Total: $502,200,000)

- Program 021 General Apportionment $435.4 Million
- Program 026 Special Education $66.7 Million
- Program 035 Institutions $91,000

Addressing Unfunded Materials, Supplies, and Operating Costs (MSOC) in categorical programs

OSPI proposes to increase the allocation for the Learning Assistance Program, the Transitional Bilingual Program, and the Highly Capable Program to include a $100 per student allocation for basic instructional materials and supplies. These funds are for allocation purposes only but must be used for non-employee-related costs within each of the categorical programs.

OSPI assumed just under 500,000 students per year for the Learning Assistance Program based on total enrollment and free and reduced lunch percentages.

OSPI assumed just under 160,000 students per year for the Transitional Bilingual Program based on actual enrollment in the program.

OSPI assumed just under 52,000 students per year for the Highly Capable program based on overall projected enrollment of 1.03 million FTE over the four years times 5% (five percent).

OSPI assumes an inflation rate of 2.4 percent for each year and recommends beginning phase in of these costs in the 2029–30 school year.

The total cost of the proposal to address the mandatory and necessary minimum costs of materials, supplies, and operating costs including utilities and insurance is:

FY 2028 - $0 Million

FY 2029 - $0 Million

FY 2030 – (Total: $55,200,000)

- Program 061 Learning Assistance Program $38.8 Million
- Program 060 Transitional Bilingual Program $12.4 Million
- Program 045 Highly Capable Program $4.0 Million

FY 2031 – (Total: $70,800,000)

- Program 061 Learning Assistance Program $49.7 Million
- Program 060 Transitional Bilingual Program $15.9 Million
- Program 045 Highly Capable Program $5.2 Million

Addressing Unfunded Substitute Teacher, Nurse and Paraeducator Costs

OSPI proposes to phase in an increase to the allocation for substitute staff within the prototypical model by providing funding for 10 days of a substitute staff person for each state funded teacher, nurse, and paraeducator within the prototypical school model and increasing the amount funded for each teacher and nurse to $275 (including mandatory benefits) and the amount for each paraeducator to $150 (including mandatory benefits) for the 2027–28 school year.

OSPI proposes this allocation will begin in the 2027–28 school year but be phased-in such that 25% of the calculated funding is provided in the 2027–28 school year, 50% in the 2028–29 school year, 75% in the 2029–30 school year and 100% in the 2030–31 school year.

- OSPI assumes there are 1,450 nurses funded in the prototypical school model.
- OSPI assumes there are 53,000 teachers funded in the prototypical school model.
- OSPI assumes there are 1,940 paraeducators funded in the prototypical school model.

Full funding, within the basic education program, for the 2027–28 school year this proposal results in:

- An annual school year cost of $4,000,000 for nurse substitutes
- An annual school year cost of $2,900,000 for paraeducator substitutes
- An increased annual school year cost of $113,950,000 for teachers.

25% of full funding on a school year basis is $30,200,000. OSPI proposes the annual rate per day be increased by IPD and assumes an IPD of 2.4%.

FY 2028 – (Total: $28,200,000)

- Program 021 General Apportionment $23.9 Million
- Program 026 Special Education $4.3 Million

- Program 035 Institutions $5,000

FY 2029 – (Total: $71,600,000)

- Program 021 General Apportionment $60.1 Million
- Program 026 Special Education $11.5 Million
- Program 035 Institutions $16,000

FY 2030 – (Total: $109,900,000)

- Program 021 General Apportionment $92.3 Million
- Program 026 Special Education $17.6 Million
- Program 035 Institutions $25,000

FY 2031 – (Total: $150,000,000)

- Program 021 General Apportionment $126.0 Million
- Program 026 Special Education $24.0 Million
- Program 035 Institutions $34,000

Addressing Unfunded Student Transportation Costs

For the transportation safety net, OSPI proposes that $90 million per year be provided based on end-of-year financial statement data and other reports provided by the district to support the additional requests.

OSPI proposes to provide funding beginning for the 2028-29 school year, with the first payment being in December of 2029. For future school years, districts would receive up to half of their prior year allocation in January of the school year with the other 50% provided in December based on actual costs and additional data.

The costs of this proposal by fiscal year are:

FY 2028 - $0

FY 2029 - $0

FY 2030 – (Total: $90,000,000)

- Program 022 Transportation

FY 2031 – (Total: $90,000,000)

- Program 022 Transportation

Addressing Classified Salaries Necessary to Attract and Retain a Qualified Workforce

In calculating the 2% cost of living adjustment in the 2027–28 and 2028–29 school years for classified staff that is in addition to the implicit price deflator adjustment, OSPI assumes that half of all classified staff are funded through sources outside of the prototypical school model but proposes that the additional enhancement be sufficient to provide all non-supervisory, classified staff with an adjustment.

For calculation purposes, OSPI proposes that each district receive an enhancement equal to 4% of state funded classified salary allocation plus the mandatory benefits increases that would accompany the enhancement. The 4% would cover the 2% increased allocation for state-funded units, and the 2% estimated increase in funding for all other non-supervisory classified staff. After these two years, OSPI proposes that this funding be ongoing and be increased by IPD in future years.

School districts would be required to certify that all funds provided in this enhancement were to support non-supervisory wage increases necessary to attract and retain a qualified workforce.

The costs of this proposal by fiscal year are:

FY 2028 – (Total: $66,700,000)

- Program 714 Compensation Increases

FY 2029 – (Total: $158,400,000)

- Program 714 Compensation Increases

FY 2030 – (Total: $162,200,000)

- Program 714 Compensation Increases

FY 2031 – (Total: $166,100,000)

- Program 714 Compensation Increases

Workforce assumptions:

Not Applicable.

Historical funding:

Funding is allocated by formula based on the prototypical funding model and therefore is not easily identified separately through future funding models.

STRATEGIC AND PERFORMANCE OUTCOMES

Strategic framework:

Washington State Constitution

This priority references the Washington State Constitution, which declares that "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex."

Governor Ferguson's Priorities

This request supports one of Governor Ferguson's strategic goals.

Goal 1 – Education

Strengthening K-12 education in the state of Washington, which includes plans to invest a higher percentage of the total budget in K-12 education to ensure a strong start for Washington's younger residents.

OSPI Strategic Goals

This proposal directly supports all four of OSPI's strategic goals, with primary alignment to the agency's commitment to "eliminating opportunity gaps and supporting students furthest from educational justice."

Goal 1: Equitable Access to Strong Foundations

Access to the necessary materials and supplies, key educational and support staff, and reliable transportation to and from school are foundational elements of K-12 education.

Goal 2: Rigorous Learner-Centered Options in Every Community

Access to the necessary materials and supplies, key educational and support staff, and reliable transportation to and from school are essential to districts' ability to provide rigorous, learner-centered options to every student in every community.

Goal 3: A Diverse, Inclusive, and Highly Skilled Workforce

Salary increases and supports for key educational staffing positions are critical to recruiting and retaining a highly skilled K-12 workforce.

Goal 4: A Committed, Unified, and Customer-Focused OSPI

Adequate materials and supplies, fair compensation for key educational and support staff, and reliable transportation to and from school are core elements of the K-12 system OSPI is legislatively directed to support.

Performance outcomes:

The primary anticipated outcome across all five elements is a measurable reduction in school districts' reliance on local excess levies to fund basic education operating and staffing costs the Constitution assigns to the state, consistent with the standard set in Doran and reaffirmed in McCleary. This will provide capacity in local levy and other funding sources to be better spent on direct student outcomes.

Fully funding MSOC will allow districts to invest in better curriculum that aligns with new and improved learning standards. Providing MSOC for categorical programs will drive additional funding to specific programs like the Transitional Bilingual Instruction Program (TBIP), which could benefit from dedicated and specific funding for additional materials. The same goes for the Learning Assistance Program (LAP) – specific funding will support the mission of LAP, to accelerate academic growth and provide targeted or intensive support for students who are not meeting basic academic standards in reading, writing, and math. MSOC funding will allow school districts to invest in better materials and supplies in meeting these needs.

Addressing the long-standing issue of substitute coverage underfunding will align state funding with current practice, allowing school staff to take appropriate leave without straining districts' budgets. Similarly, classified staff work in a range of roles supporting the school system. Improvements in salaries will allow districts to better attract and retain a talented workforce, providing stability both for students and for the school ecosystem.

OTHER COLLATERAL CONNECTIONS

Intergovernmental:

This proposal is supported by a broad range of educational partners and organizations (see the Funding Equity Workgroup membership list referenced above).

Stakeholder impacts:

Agencies must identify non-governmental stakeholders impacted by this proposal. Provide anticipated support or opposition.

Legal or administrative mandates:

N/A

Changes from current law:

Implementing the changes outlined in this budget request would require statute changes, including, but not limited to, updates to: RCW 28A.150.260, RCW 28A.165, RCW 28A.180, RCW 28A.185, and RCW 28A.160.

State workforce impacts:

None.

State facilities impacts:

None.

Puget Sound recovery:

N/A

Governor’s salmon strategy:

N/A

OTHER SUPPORTING MATERIALS

Information technology (IT):

N/A