



## Supporting OSPI in Critical Operations

### *2022 Supplemental Operating Budget Decision Package*

#### Agency/Program Recommendation Summary

The base operations funding for the Office of Superintendent of Public Instruction (OSPI) has not kept up with the expanding programming requirements over the past decade. The lag in critical staffing in areas like fiscal, legal, policy and research, reporting, contracting, human resources, compliance, civil rights, communications, and information technology is undermining OSPI's ability to be responsive to the ever-evolving needs and requirements of the K–12 system and the 1.1 million students it serves. OSPI requests an additional \$2 million to the agency's base operating proviso in fiscal year (FY) 2023, and an ongoing increase tied to the implicit price deflator for future years to meet the expanding demands of operating the agency's core services in a timely and targeted manner.

#### Package Description

OSPI is requesting \$2 million in additional funding for the base operations proviso in FY 2023. Beginning in FY 2024, OSPI is requesting the base operations proviso be annually adjusted by the implicit price deflator (IPD) to reduce the likelihood of future requests. After the one-time increase for FY 2023, FY 2024, IPD would add \$2,280,262 over FY 2022 levels; for FY 2025, IPD would add \$2,598,821 over FY 2022.

The additional investment in critical services to the K–12 system, policymakers, and community stakeholders will allow OSPI to both recoup lost full-time equivalent (FTE) buying power as well as improve the agency's positioning in recruiting and retaining a diverse and skilled workforce that is best suited to serve the state of Washington's education system.

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

While new programming requirements have driven a 20% increase in program staff delivering services to the K–12 system over the last decade, the staff responsible for keeping the agency operating in the midst of rapidly expanding responsibilities has decreased by 17%. The lag in base operations funding relative to the growth in programming and service demand has led to inadequate staff supporting core agency services (such like fiscal services, legal services, policy research, reporting, contracting, human resources, compliance, civil rights, communications, and information technology) and reduced OSPI's ability to recruit and retain a diverse and skilled workforce.

Whether looking at base operations as a share of OSPI's total expenditure authority or at the buying power of the base operations proviso, the lag is evident:

- If we kept base operating at a steady 0.14% of OSPI's total expenditure authority (as it was in 2010), the 2023 base operating proviso would be \$8,016,643 more than provided in the Operating Budget.

- The buying power of the base operations proviso, measured by FTE, shows a decline by 17% since 2010. This contrasts with a growth in programmatic responsibilities represented in a 26% increase in program staffing.

### Insufficient Base Operations Staffing Relative to Program Staffing Demands

Between 2010 and 2021, OSPI's state-funded programmatic and proviso FTE increased 26% (from 267 to 339). Significant increases in program staffing like this creates a greater demand on the agency's core services. However, during the same period, the number of FTE funded from OSPI's appropriation for the base operations and expenses of the agency have declined from 118 to 98, a decline of 17%. In FY 2010, administrative FTEs represented 30.7% of the agency's workforce. In FY 2021, that percentage declined to 22%.

Increased programming often layers on top of existing programming, rather than replacing it. While funding for temporary program staffing can ease the programmatic burden, it actually adds to the burden on base operations in addition to new responsibilities or requirements the program itself may have. Additional workload without additional resources leads to delayed implementation, reduced efficiency, and can negatively impact the quality of the programming that can be offered. At current funding levels, OSPI cannot hire enough staff, nor does the agency have the flexibility to continually reshape OSPI's base operations staffing to meet both new and existing requirements.

### Recruitment and Retention

OSPI competes most directly for workforce with school districts. Since school district salaries have risen faster than state employee salaries over the last five years, the agency is struggling to find qualified, experienced staff.

In addition, any new money OSPI is able to divert from program funds to cover base operations is usually temporary in nature (one or two fiscal years) and does not add up to a full FTE. OSPI is at a significant disadvantage in recruiting and retaining highly skilled staff because qualified workers are unwilling to commit to a temporary funding source, a less-than-fulltime position, a parallel salaried position, or take a pay cut. These factors are inhibiting OSPI's efforts to continually diversify the agency's workforce to be reflective of the communities we serve.

### **What is your proposed solution?**

An increase to OSPI's base operations proviso in fiscal year 2023, followed by an annual adjustment based on IPD for subsequent years, will give OSPI additional staffing capacity and funding flexibility to better meet the needs of the K-12 system and the expectations of the Legislature.

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

This request will provide for additional staffing capacity in OSPI's base operations and expenses to be better aligned to the agency's ever-changing and expanding core service demands. Having adequate funding for base operations and expenses will allow the agency to move more nimbly in response to new demands or programming while maintaining high expectations for

the execution of existing responsibilities. OSPI's Strategic Goal #4 describes the agency's commitment to being a unified and customer-focused state agency. Making progress toward this goal requires adequate resource to have the staffing and supports in place to do the work.

Examples of staffing needs include:

- With additional resource, OSPI could adequately staff the legal services and civil rights division to provide more preventative and corrective supports to school districts, particularly in the areas of discipline, student and staff safety, language access, and free, appropriate public education (FAPE).
- Each year, OSPI receives additional pass-through provisos on top of existing provisos requiring contracts. Additional base operating funds could ensure the agency has staffing that matches the contracting demands added through legislative action, increasing timeliness and transparency of this work.
- As OSPI strives to continuously improve customer service to school districts, the Legislature, communities, and other stakeholders, increasing the visibility, timeliness, and accuracy of the agency's fiscal services, policy and reporting activities, and system accountability and compliance functions is vital and requires a highly skilled and diverse workforce.
- Recruiting and retaining a highly skilled and diverse workforce requires having adequate resource for competitive compensation. Additional resource will allow OSPI to become more competitive in filling positions and retaining employees.

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

The only opportunity for OSPI to secure permanent and sustainable funding for continued operations is through request of the Legislature.

This approach best fits the needs of OSPI to have an adequate level of permanent resources with which we can hire staff.

### **Performance Measures**

#### **Performance outcomes:**

This request will allow OSPI to make progress on Strategic Goal #4 of [Superintendent Reykdal's recently updated strategic goals](#). Goal #4 is to have a committed, unified, and customer-focused OSPI. This means supporting school districts through consistent, timely, and meaningful funding and supports that center the needs of students. OSPI measures success in this area through improved employee engagement survey results and customer service perception/feedback.

## Fiscal Details (Funding, FTEs, Revenue, Objects)

Operating Expenditures	FY 2022	FY 2023	FY 2024	FY 2025
General Fund State - 001	\$0	\$2,000,000	\$2,280,000	\$2,599,000
<b>Total Expenditures</b>	\$0	\$2,000,000	\$2,280,000	\$2,599,000
<b>Biennial Totals</b>	<b>\$2,000,000</b>		<b>\$4,879,000</b>	
<b>Staffing</b>	<b>FY 2022</b>		<b>FY 2023</b>	
FTEs	0	0	0	0
<b>Average Annual</b>	0.0	0.0		
<b>Object of Expenditure</b>	<b>FY 2022</b>		<b>FY 2023</b>	
Obj A	\$0	\$1,464,000	\$1,669,000	\$1,903,000
Obj. B	\$0	\$337	\$384	\$438
Obj. C	\$0	\$19	\$22	\$25
Obj. E	\$0		\$156	
Obj. G	\$0	\$1	\$1	\$1
Obj. J	\$0	\$23	\$26	\$29

## Assumptions and Calculations

### Expansion or alteration of a current program or service:

This proposal is not an expansion or alteration of current program offerings.

### Detailed assumptions and calculations:

The current state fiscal year 2022 agency admin allocation for OSPI is \$14,470,000 in the maintenance level budget. For state fiscal year 2023, OSPI is requesting an increase of \$2 million. After the increase of \$2 million for fiscal year 2023, OSPI requests that the agency administrative allocation be increased by inflation (IPD) on an annual basis.

The impact of OSPI's request is shown by state fiscal year in the table below:

	State Fiscal Year			
	2022	2023	2024	2025
Agency Admin ML	\$14,470,000	\$14,486,000	\$14,486,000	\$14,486,000
Increase		\$2,000,000	\$0	\$0
Agency Admin (FY 2023)		\$16,486,000	\$16,766,262	\$17,084,821
Inflation (IPD)		1.6%	1.7%	1.9%
<b>Total Cost</b>		<b>\$2,000,000</b>	<b>\$2,280,262</b>	<b>\$2,598,821</b>

**Workforce assumptions:**

The flexibility provided in this proposal will allow OSPI to staff the agency in a manner that can create efficiencies in the hiring and duties of employees. For example, no longer would a proviso funded staff be limited to work in that single area because of mixed fund sources.

**How is your proposal impacting equity in the state?**

This request will impact OSPI's ability to recruit and retain a highly skilled and diverse workforce that is reflective of the communities we serve. In addition, this request makes progress on this commitment by creating more flexibility and capacity within OSPI to be responsive to the needs of the agency's customers – students, educators, school districts, policymakers, and other stakeholders. The agency's core functions and operations directly impact school districts' ability to ensure students have access to the instruction and supports they need to succeed in school.

**Strategic and Performance Outcomes**

**Strategic framework:**

This request will allow OSPI to make progress on Strategic Goal #4 of [Superintendent Reykdal's recently updated strategic goals](#). Goal #4 is to have a committed, unified, and customer-focused OSPI.

**Other Collateral Connections**

**Intergovernmental:**

None

**Stakeholder response:**

The K–12 system in Washington state depends on reliable, consistent, and qualified staff at OSPI. The system will benefit when the agency has more flexibility for using funds and the ability to recruit and retain staff with permanent funding. OSPI believes stakeholders will react positively to this effort.

**Legal or administrative mandates:**

None.

**Changes from current law:**

None.

**State workforce impacts:**

None.

**State facilities impacts:**

None.

**Puget Sound recovery:**

N/A

**Other Documents**

**Reference documents:**

N/A

**Information technology (IT) addendum:**

**Does this decision package include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts, or IT staff?**

☒ No

☐ Yes