

Multiple Agency Fiscal Note Summary

Bill Number: 1248 HB	Title: Pupil transportation
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		50,557,000		125,488,000		167,773,000
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Superintendent of Public Instruction	.0	50,765,000	51,166,000	51,166,000	.0	124,912,000	126,136,000	126,136,000	.0	166,743,000	168,421,000	168,421,000
Total \$	0.0	50,765,000	51,166,000	51,166,000	0.0	124,912,000	126,136,000	126,136,000	0.0	166,743,000	168,421,000	168,421,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI			50,557,000			125,488,000			167,773,000
Loc School dist-SPI	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final
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Individual State Agency Fiscal Note

Revised

Bill Number: 1248 HB	Title: Pupil transportation	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	277,000	50,488,000	50,765,000	124,912,000	166,743,000
WA Opportunity Pathways Account-State 17f-1	0	401,000	401,000	1,224,000	1,678,000
Total \$	277,000	50,889,000	51,166,000	126,136,000	168,421,000

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:

- 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.
- 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).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 01/13/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 01/23/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 01/23/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/23/2023

Part II: Narrative Explanation

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

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

Sec.2(2)(a): A \$1,900 base rider factor, increased annually from the 2022-23 school year by the transportation inflation factor, will be multiplied by the average number of riders in the previous school year, then multiplied by .86.

Sec.2(2)(b): A \$0.82 base mileage factor, increased annually from the 2022-23 school year by the transportation inflation factor, will be multiplied by total to-from mileage in the previous school year, then multiplied by .14.

Sec.2(2)(c): Special passenger transportation expenditures will be reimbursed:

Sec.2(2)(c)(i): Allocations for reimbursement will be made monthly. September through December payments will be based on the previous year's special passenger expenditure report. Allocations after December will be adjusted based on current monthly expenditure reports.

Sec.2(2)(c)(i)(i): The funds are subject to recovery.

Sec.(2)(5): Transportation inflation factor means the implicit price deflator that fiscal year.

Sec.(4) new: By January 1, 2025, OSPI will provide an analysis of the district transportation costs and allocation following the 2023-24 school year. the report will contain mileage, ridership, and costs for each district, broken down by passenger category.

Sec.(5) new: Beginning in the 2024-25 school year, districts that receive over 105% of the state average per special passenger will receive a review of their special passenger costs by the state auditors office.

Sec. (6) new: 28a.160.192 is repealed

Sec.(7)(1)(b): After September 1, 2023, any contract for pupil transportation services will require the contractor to provide health and retirement benefits comparable to the employing school district.

Sec.(7)(1)(b)(i): The contract must include funds specifically for the contractor to prove employees health benefits equal to the monthly school employer funding rate for sebb less the retiree remittance for pebb.

Sec.(7)(1)(b)(ii): also an amount equal to plans 2 and 3 contribution rate of the school employees' retirement system.

Sec.(7)(2)(a): Employee of the contractor means working enough compensated hours to meet the eligibility requirements that are required of a district employee.

Sec.(8)(1) new: OSPI will provide a one-time supplemental transportation allocation to districts that have a cost increase due contract increases due to health and benefits requirements.

Sec.(8)(2): Districts must send OSPI a report that contains the number of contractor employees that worked at least 630 hours on the contract for the district in the year before entering or renewing the contract.

Sec.(8)(3): The supplemental allocation can only be used for payments under the contract for employee compensation.

Sec.(8)(4): the supplemental allocation must not exceed \$200 per employee per month.

Section 1 is implemented September 1, 2023.

Sections 2-6 take effect September 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

none

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 1 & 2: OSPI estimates additional IT funding will be needed to create a new application for both collecting monthly transportation data on special passengers as it is not data currently collected, as well calculating the new transportation formula. For this effort, OSPI estimates it will need approximately \$316K to implement the first school year and \$286K each additional school year to maintain the new system. See attached table under section 1 for additional detail.

Section 2: Calculates a New Transportation formula using the greater of the new formula as defined in section 2 in this bill or SY 2022-23 inflated by IPD. Using SY 2021-22-year transportation data (ridership, mileage & expenditures), OSPI estimates the new formula will cost approximately \$52 million in school year 2024-25. See attached table under new formula section for additional details.

Section 8: The fiscal impact for section 8 will be based on actual agreements negotiated by districts and their transportation providers.

The fiscal note is based on the following assumptions: 14 districts contract for transportation services; an estimated 825 drivers and 80 mechanics work for those contractors. Based on feedback from districts increases in contracting costs could range between \$9,000 and \$20,000 per employee. To estimate these costs, OPSI used a mid-range estimate of increased costs of \$15,000 per FTE for increased benefits. Therefore, the estimated annual statewide one-time costs are \$15,000 times 900 employees or \$13.5 million for the implementation year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	277,000	50,488,000	50,765,000	124,912,000	166,743,000
17f-1	WA Opportunity Pathways Account	State	0	401,000	401,000	1,224,000	1,678,000
Total \$			277,000	50,889,000	51,166,000	126,136,000	168,421,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	23,000	23,000	46,000	46,000	46,000
B-Employee Benefits	12,000	12,000	24,000	24,000	24,000
C-Professional Service Contracts	235,000	286,000	521,000	572,000	572,000
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays	3,000		3,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		50,564,000	50,564,000	125,486,000	167,771,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	277,000	50,889,000	51,166,000	126,136,000	168,421,000

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HB 1248 Table - Transportation Funding

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
New Formula Allocation	\$ -	\$ 687,385,000	\$ 701,132,000	\$ 715,155,000	\$ 729,458,000	\$ 744,047,000
Transportation Maintenance Level	\$ -	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000
Transportation Comp Maintenance	\$ -	\$ 31,832,662	\$ 38,185,426	\$ 44,652,539	\$ 45,545,590	\$ 46,456,502
Cost of New Funding Formula	\$ -	\$ 51,735,000	\$ 59,130,000	\$ 66,685,000	\$ 80,095,000	\$ 93,773,000
New Formula Charters (Opp Path)	\$ -	\$ 517,000	\$ 591,000	\$ 667,000	\$ 801,000	\$ 938,000
New Formula Districts & Tribals	\$ -	\$ 51,218,000	\$ 58,539,000	\$ 66,018,000	\$ 79,294,000	\$ 92,835,000
Section 1: New Application OSPI IT Costs	\$ 316,000	\$ 286,000	\$ 286,000	\$ 286,000	\$ 286,000	\$ 286,000
Section 1: New Reporting Staffing Costs OSPI	\$ 41,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
Section 7&8: One Time Contractor Benefits	\$ -	\$ 13,500,000	\$ -	\$ -	\$ -	\$ -
Total Cost	\$ 357,000	\$ 65,559,000	\$ 59,454,000	\$ 67,009,000	\$ 80,419,000	\$ 94,097,000

State Fiscal Year	2024	2025	2026	2027	2028	2029
General Fund	\$ 277,000	\$ 50,488,000	\$ 60,253,000	\$ 64,659,000	\$ 76,631,000	\$ 90,112,000
Opportunities Pathway	\$ -	\$ 401,000	\$ 574,000	\$ 650,000	\$ 771,000	\$ 907,000
Total Fiscal Year	\$ 277,000	\$ 50,889,000	\$ 60,827,000	\$ 65,309,000	\$ 77,402,000	\$ 91,019,000
Biennium	2023-25		2025-27		2025-27	
Total Biennial Cost	\$ 51,166,000		\$ 126,136,000		\$ 168,421,000	

Individual State Agency Fiscal Note

Bill Number: 1248 HB	Title: Pupil transportation	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7		50,557,000	50,557,000	125,488,000	167,773,000
Total \$		50,557,000	50,557,000	125,488,000	167,773,000

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	0	50,557,000	50,557,000	125,488,000	167,773,000
Total \$	0	50,557,000	50,557,000	125,488,000	167,773,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. 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:

- 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.
- 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).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 01/13/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 01/23/2023
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 01/23/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/23/2023

Part II: Narrative Explanation

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

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

This bill proposes a new student transportation funding model. It also requires contractors for pupil transportation services provide health and retirement benefits similar to their employing district.

Sec.2(2)(a): A \$1,900 base rider factor, increased annually from the 2022-23 school year by the transportation inflation factor, will be multiplied by the average number of riders in the previous school year, then multiplied by .86.

Sec.2(2)(b): A \$0.82 base mileage factor, increased annually from the 2022-23 school year by the transportation inflation factor, will be multiplied by total to-from mileage in the previous school year, then multiplied by .14.

Sec.2(2)(c): Special passenger transportation expenditures will be reimbursed:

Sec.2(2)(c)(i): Allocations for reimbursement will be made monthly. September through December payments will be based on the previous year's special passenger expenditure report. Allocations after December will be adjusted based on current monthly expenditure reports.

Sec.2(2)(c)(i)(i): The funds are subject to recovery.

Sec.(2)(5): Transportation inflation factor means the implicit price deflator that fiscal year.

Sec.(4) new: By January 1, 2025, OSPI will provide an analysis of the district transportation costs and allocation following the 2023-24 school year. the report will contain mileage, ridership, and costs for each district, broken down by passenger category.

Sec.(5) new: Beginning in the 2024-25 school year, districts that receive over 105% of the state average per special passenger will receive a review of their special passenger costs by the state auditors office.

Sec. (6) new: 28a.160.192 is repealed

Sec.(7)(1)(b): After September 1, 2023, any contract for pupil transportation services will require the contractor to provide health and retirement benefits comparable to the employing school district.

Sec.(7)(1)(b)(i): The contract must include funds specifically for the contractor to prove employees health benefits equal to the monthly school employer funding rate for sebb less the retiree remittance for pebb.

Sec.(7)(1)(b)(ii): also an amount equal to plans 2 and 3 contribution rate of the school employees' retirement system.

Sec.(7)(2)(a): Employee of the contractor means working enough compensated hours to meet the eligibility requirements that are required of a district employee.

Sec.(8)(1) new: OSPI will provide a one-time supplemental transportation allocation to districts that have a cost increase due contract increases due to health and benefits requirements.

Sec.(8)(2): Districts must send OSPI a report that contains the number of contractor employees that worked at least 630 hours on the contract for the district in the year before entering or renewing the contract.

Sec.(8)(3): The supplemental allocation can only be used for payments under the contract for employee compensation.

Sec.(8)(4): the supplemental allocation must not exceed \$200 per employee per month.

Section 1 is implemented September 1, 2023.

Sections 2-6 take effect September 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Using SY 2021-22-year transportation data (ridership, mileage & expenditures), OSPI estimates the new formula will provide districts approximately \$52 million more in transportation revenue in school year 2024-25. School district revenue to equal state expenditures less IT and administrative costs (see state note on HB 1248 for further details).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 1 & 2: District note is indeterminate for this section as it is unknown what IT costs local districts will need to either create a new application or modify existing systems for collecting monthly transportation data on special passengers (or if it is even currently collected), as well changes to existing IT structure to submit data for the new transportation formula to OSPI.

Section 2: OSPI assumes districts will expend all revenue received in full.

Section 8: The fiscal impact for section 8 will be based on actual agreements negotiated by districts and their transportation providers.

The fiscal note is based on the following assumptions: 14 districts contract for transportation services; an estimated 825 drivers and 80 mechanics work for those contractors. Based on feedback from districts increases in contracting costs could range between \$9,000 and \$20,000 per employee. To estimate these costs, OPSI used a mid-range estimate of increased costs of \$15,000 per FTE for increased benefits. Therefore, the estimated annual statewide one-time costs are \$15,000 times 900 employees or \$13.5 million for the implementation year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
new-7	school district local	Private/Local	0	50,557,000	50,557,000	125,488,000	167,773,000
Total \$			0	50,557,000	50,557,000	125,488,000	167,773,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		50,557,000	50,557,000	125,488,000	167,773,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	50,557,000	50,557,000	125,488,000	167,773,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HB 1248 Table - Transportation Funding District Table

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
New Formula Allocation	\$ -	\$ 687,385,000	\$ 701,132,000	\$ 715,155,000	\$ 729,458,000	\$ 744,047,000
Transportation Maintenance Level	\$ -	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000	\$ 603,817,000
Transportation Comp Maintenance	\$ -	\$ 31,832,662	\$ 38,185,426	\$ 44,652,539	\$ 45,545,590	\$ 46,456,502
Cost of New Funding Formula	\$ -	\$ 51,735,000	\$ 59,130,000	\$ 66,685,000	\$ 80,095,000	\$ 93,773,000
New Formula Charters (Opp Path)	\$ -	\$ 517,000	\$ 591,000	\$ 667,000	\$ 801,000	\$ 938,000
New Formula Districts & Tribals	\$ -	\$ 51,218,000	\$ 58,539,000	\$ 66,018,000	\$ 79,294,000	\$ 92,835,000
Section 7&8: One Time Contractor Benefits	\$ -	\$ 13,500,000	\$ -	\$ -	\$ -	\$ -
Total Cost	\$ -	\$ 65,235,000	\$ 59,130,000	\$ 66,685,000	\$ 80,095,000	\$ 93,773,000

State Fiscal Year	2024	2025	2026	2027	2028	2029
General Fund	\$ -	\$ 50,156,000	\$ 59,929,000	\$ 64,335,000	\$ 76,307,000	\$ 89,788,000
Opportunities Pathway	\$ -	\$ 401,000	\$ 574,000	\$ 650,000	\$ 771,000	\$ 907,000
Total Fiscal Year	\$ -	\$ 50,557,000	\$ 60,503,000	\$ 64,985,000	\$ 77,078,000	\$ 90,695,000
Biennium	2023-25		2025-27		2025-27	
Total Biennial Cost	\$ 50,557,000		\$ 125,488,000		\$ 167,773,000	