

Multiple Agency Fiscal Note Summary

Bill Number: 5174 S SB	Title: Student transportation
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Auditor	0	0	384,000	0	0	768,000	0	0	768,000
Total \$	0	0	384,000	0	0	768,000	0	0	768,000

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		13,500,000				
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 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
Office of State Auditor	1.2	0	0	384,000	2.4	0	0	768,000	2.4	0	0	768,000
Department of Children, Youth, and Families	.0	(270,000)	(270,000)	(270,000)	.0	(270,000)	(270,000)	(270,000)	.0	(270,000)	(270,000)	(270,000)
Superintendent of Public Instruction	.0	14,218,000	14,218,000	14,218,000	.0	648,000	648,000	648,000	.0	648,000	648,000	648,000
Superintendent of Public Instruction	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	1.2	13,948,000	13,948,000	14,332,000	2.4	378,000	378,000	1,146,000	2.4	378,000	378,000	1,146,000

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			13,500,000						
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
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
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

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 2/ 6/2023
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Individual State Agency Fiscal Note

Bill Number: 5174 S SB	Title: Student transportation	Agency: 095-Office of State Auditor
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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
Municipal Revolving Account-Non-Appropriated 413-6		384,000	384,000	768,000	768,000
Total \$		384,000	384,000	768,000	768,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.4	1.2	2.4	2.4
Account					
Municipal Revolving Account-Non-Appropriated 413-6	0	384,000	384,000	768,000	768,000
Total \$	0	384,000	384,000	768,000	768,000

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: Kayla Hammer	Phone: 360-786-7400	Date: 01/27/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 01/31/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 01/31/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/31/2023

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.

Section 2 – Requires the State Auditor’s Office (SAO) to review a school districts’ transportation expenditures when the average per-student reimbursement amount exceeds 110 percent of the amount in similar school districts. The Office of the Superintendent of Public Instruction (OSPI) will adopt rules to categorize districts and will notify the SAO when a review of a district is necessary. This requirement begins in the 2023-24 school year and continues annually until 2030.

Sec. 9 – Requires the SAO to include in the regular audits of school districts a review of transportation costs to ensure they are necessary and reasonable, as assigned by the OSPI. This work would begin in Fiscal Year 2025.

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.

Based on prior discussion with the Office of Superintendent of Public Instruction (OSPI) and using the same estimate of 100 school districts that may exceed the 110 percent of expenditures and would require a review their transportation expenditures during our Accountability Audits.

Each review is anticipated to take an additional 24 hours per district (2,400 total) which would be performed by an additional 1.5 FTE Assistant State Auditor. In addition, we estimate an additional .5 FTE to perform 600 hours per year for centralized planning and oversight. Total hours to be billed annually is estimated to be 3,000 hours.

Cash receipts were calculated at the current local billing rate of \$128 per hour. Actual cash receipts will be dependent on the applicable billing rate in effect when the work is performed.

The increased audit work associated with this bill would be billed to each of the projected 100 school districts where the audit work is performed.

Considering the bill's implementation outlined for the 2023-24 school fiscal year for districts to be under the 110 percent, we anticipate we will begin this work in Fiscal Year 2025.

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.

The State Auditor uses an activity-based cost allocation model and overhead is allocated based on actual direct expenses. To reflect this, in addition to the increased direct audit expenses related to the additional audit and management FTEs, we include an estimated cost to support the additional administrative and overhead expense. Good and Services and Travel costs are based on actual expenses for this level of effort.

All expenses associated with this work would be paid for through the Municipal Revolving Account using revenues generated from this work.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
413-6	Municipal Revolving Account	Non-Appropriated	0	384,000	384,000	768,000	768,000
Total \$			0	384,000	384,000	768,000	768,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.4	1.2	2.4	2.4
A-Salaries and Wages		225,320	225,320	450,640	450,640
B-Employee Benefits		76,650	76,650	153,300	153,300
C-Professional Service Contracts					
E-Goods and Other Services		77,030	77,030	154,060	154,060
G-Travel		5,000	5,000	10,000	10,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	384,000	384,000	768,000	768,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Admn/Overhead	72,000		0.4	0.2	0.4	0.4
Assistant State Auditor 3	73,260		1.5	0.8	1.5	1.5
Audit Manager	125,628		0.5	0.3	0.5	0.5
Total FTEs			2.4	1.2	2.4	2.4

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.

Individual State Agency Fiscal Note

Bill Number: 5174 S SB	Title: Student transportation	Agency: 307-Department of Children, Youth, and Families
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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	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)
Total \$	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)

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: Kayla Hammer	Phone: 360-786-7400	Date: 01/27/2023
Agency Preparation: Samuel Quartey	Phone: 360-628-4334	Date: 02/03/2023
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 02/03/2023
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 02/03/2023

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 amends current laws related to providing adequate and predictable student transportation.

Section 6(1) requires the Office of Superintendent of Public Instruction (OSPI) to reimburse school districts on a monthly basis for 100 percent of the transportation expenditures attributable to serving students in distinct passenger categories as reported under RCW 28A.160.170(1)(b).

Section 12(8) removes language that requires the Department of Children, Youth, and Families (DCYF) to reimburse school districts for half of all excess transportation costs for students under the placement and care of DCYF.

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.

DCYF estimates cost savings of \$135,000 per year. This is due to payments made to OSPI for transportation cost reimbursements that will cease under this bill.

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	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)
Total \$			(135,000)	(135,000)	(270,000)	(270,000)	(270,000)

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)

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)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Child Welfare Programs (010)	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)
Total \$	(135,000)	(135,000)	(270,000)	(270,000)	(270,000)

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

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.

Individual State Agency Fiscal Note

Bill Number: 5174 S SB	Title: Student 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	393,000	13,825,000	14,218,000	648,000	648,000
Total \$	393,000	13,825,000	14,218,000	648,000	648,000

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: Kayla Hammer	Phone: 360-786-7400	Date: 01/27/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 02/01/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 02/01/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/01/2023

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.

Section 1: Intent section

Section 2: By June 2026, OSPI is required to provide to the legislator analysis from school districts of transportation costs and allocations from the 2024-25 school year. Analysis should include mileage, ridership, and costs and be disaggregated by the following student groups:

- a) Special education passengers
- b) McKinney Vento homeless passengers
- c) Foster Care passengers
- d) Skill Centers to & from
- e) All other to/from passengers

Section 3: Adds students within the walk area as determined under RCW 28A.160.160 to the transportation funding.

Section 4(1): defines “distinct passenger categories” as students who a) require special education services where transportation is part of documented IEP plan, b) McKinney Vento homeless passengers, c) foster care passengers where transportation is out of the normal district boundary, or d) students attending skill centers.

Section 4(2) expands “eligible students” to include three distinct passenger categories” defined in section 4(1) and adds language to also incorporate transportation of students participating in career connected and work-based learning activities when the activity occurs during the school day and the student receives academic credit.

Section 5 adds additional reporting language requires districts to submit expenditure reports monthly of the distinct passenger categories. Data submitted in the prior school year should be used to determine the current school year reimbursement adjusted for inflation. OSPI is to adopt accounting rules to implement this section and use IPD for inflation.

Section 6 Beginning with SY 2024-25, OSPI will reimburse districts monthly for 100% of expenditures attributed to students in distinct passenger categories as defined by RCW 28A.160.170 (1)(b). Districts must submit claims monthly. For all other allocations not included, OSPI must notify districts of their transportation allocation before January 15th.

Section 7 (1) (a) changes the language to require OSPI to adjust the allocation formula to include additional factors such as basic and special passenger counts and total sum of miles drivers. It removes the transportation regression analysis formula from the transportation funding language and adds total sum of miles driven.

Section 7 (1) (b) defines transportation vehicles.

Section 7 (1) (c) The transportation allocation amounts determined in section 1 (a) and 1 (b) must be adjusted by the following multipliers as determined by OSPI:

- i) High population density
- ii) Rural, geographically large districts with low number of schools in proportion to geographic size of school district

Section 7 (2) (a) Beginning with SY 2024-25, OSPI will reimburse school districts for 100% of the allowable transportation expenditures reported under RCW 28A.160.170(1)(b) attributable to students in distinct passenger categories as defined in RCW 28a.160.160. OSPI shall establish rules to include student transportation via district bus, third-party providers, district owned vehicles, and other vehicles operated by a third-party provider.

Section 7 (2) (b) Beginning with SY 2024-25, OSPI will annually calculate the transportation allocation excluding services reimbursed in section 7 (2) (a). The allocation formula must:

- i) Be adjusted for additional factors as based special passenger counts as defined by OSPI and total sum of miles driven
- ii) Provide that the transportation allocation for transporting students in district-owned passenger cars is the private vehicle reimbursement rate in effect on September 1st of each school year.

Section 7 (2) (c) The transportation allocation amount generated by the allocation formula under subsection (b) must be adjusted by:

- i) A multiplier for high population density urban school districts
- ii) Multiplier for rural, geographically large districts with a relatively low number of schools in proportion to the geographic size of the school district

Section 7 (3) Annually, the transportation allocations calculated by OSPI shall be adjusted for any budgeted increases provided in the omnibus appropriations act for salaries or fringe benefits.

Section 7 (4) OSPI shall identify and collect necessary data in order to update the transportation model in subsequent biennia and to identify outliers. Prior to June 1st of each year, OPSI shall submit to OFM and education fiscal committees a report outlining the methodology used to determine the allocation for the following year.

Section 8 (1) Beginning with SY 2023-24 through SY 2026-27 no district shall receive a transportation allocation that is less than the allocation provided during the 2021-22 SY.

Section 8 (2) If a districts transportation expenditures exceeded their SY 2021-22 allocation, OSPI must provide additional transportation allocations that reduce the negative funding differential by 0.5% for each school year that the district qualifies for alternative funding.

Section 8 (3) Inflation is defined as IPD.

Section 9 Beginning with SY 2024-25, SAO must conduct a review of a districts transportation expenditures if they exceed 110% of the average per-student expenditure amount in similar school districts. OSPI must adopt rules to categorize similar school districts and notify SAO when a review is necessary.

Section 10 (1)(b) requires districts that enter a transportation contract for services after September 1, 2023 to require the contractor to provide benefits comparable to the SEBB program and School employees retirement system. This includes contracted employees that work sufficient compensated hours to meet the eligibility requirements of the SEBB program if the employee were directly employed by the school district.

Section 11 OSPI will provide districts with a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to section 10.

Section 12 removes the 50% DCYF reimbursement for students under the placement and care of DCYF for transportation.

Section 13 repeals RCW 28A.160.192 and RCW 28A.160.193

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 2: OSPI estimates approximately 10 hours are needed of staffing time to analyze and prepare the required legislative report.

Section 3 of this bill are indeterminate as OSPI does not have data to reasonably estimate the costs distinct passenger categories.

Section 5: 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 in IT costs and approximately \$41K or 0.25 staff FTE for testing in the first school year to implement. See attached table for further details and estimates on ongoing costs to maintain.

Section 6 of this bill is indeterminate as OSPI does not have data to reasonably estimate the costs distinct passenger categories.

Section 7 is also indeterminate as OSPI does not have data on students defined in section 3 or section 4, nor expenditures as defined in section 6. Therefore, OSPI does not have information to reasonably estimate the cost of a new transportation formula as defined in this section.

Section 8 costs are contingent upon the results from OSPIs transportation calculations in section 7 and are thus also

indeterminate.

Both Section 7 & 9 includes a requirement for OSPI to adopt rules to implement. OSPI estimates that for each section, the planning, drafting, and hearings to create these rules will cost approximately 102 hours of program staff time, 21 hours of administrative staff time, 75 hours of rules coordinator time, and 17 hours of cabinet or executive review time.

Section 10&11: The fiscal impact for section 11 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	393,000	13,825,000	14,218,000	648,000	648,000
Total \$			393,000	13,825,000	14,218,000	648,000	648,000

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	42,000	23,000	65,000	44,000	44,000
B-Employee Benefits	24,000	12,000	36,000	24,000	24,000
C-Professional Service Contracts	316,000	286,000	602,000	572,000	572,000
E-Goods and Other Services	3,000	2,000	5,000	4,000	4,000
G-Travel	3,000	2,000	5,000	4,000	4,000
J-Capital Outlays	5,000		5,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		13,500,000	13,500,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	393,000	13,825,000	14,218,000	648,000	648,000

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.

SSB 5174 Table - Transportation Table OSPI Costs

State Fiscal Year	2024	2025	2026	2027	2028	2029
Sec 2: Legislative Report OSPI Staff Costs		\$ 1,000	\$ -	\$ -	\$ -	\$ -
Sec 5: New Application OSPI IT Costs	\$ 316,000	\$ 286,000	\$ 286,000	\$ 286,000	\$ 286,000	\$ 286,000
Sec 5: New Reporting Staffing Costs OSPI	\$ 41,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
Sec 7&9: Rules Implementation OSPI Costs	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -
Section 10&11: One Time Contractor Benefits	\$ -	\$ 13,500,000	\$ -	\$ -	\$ -	\$ -
Total Fiscal Year	\$ 393,000	\$ 13,825,000	\$ 324,000	\$ 324,000	\$ 324,000	\$ 324,000
Biennium	2023-25		2025-27		2025-27	
Total Biennial Cost	\$ 14,218,000		\$ 648,000		\$ 648,000	

Individual State Agency Fiscal Note

Bill Number: 5174 S SB	Title: Student 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		13,500,000	13,500,000		
Total \$		13,500,000	13,500,000		

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

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	0	13,500,000	13,500,000	0	0
Total \$	0	13,500,000	13,500,000	0	0

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.

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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.

Section 1: Intent section

Section 2: By June 2026, OSPI is required to provide to the legislator analysis from school districts of transportation costs and allocations from the 2024-25 school year. Analysis should include mileage, ridership, and costs and be disaggregated by the following student groups:

- a) Special education passengers
- b) McKinney Vento homeless passengers
- c) Foster Care passengers
- d) Skill Centers to & from
- e) All other to/from passengers

Section 3: Adds students within the walk area as determined under RCW 28A.160.160 to the transportation funding.

Section 4(1): defines “distinct passenger categories” as students who a) require special education services where transportation is part of documented IEP plan, b) McKinney Vento homeless passengers, c) foster care passengers where transportation is out of the normal district boundary, or d) students attending skill centers.

Section 4(2) expands “eligible students” to include three distinct passenger categories” defined in section 4(1) and adds language to also incorporate transportation of students participating in career connected and work-based learning activities when the activity occurs during the school day and the student receives academic credit.

Section 5 adds additional reporting language requires districts to submit expenditure reports monthly of the distinct passenger categories. Data submitted in the prior school year should be used to determine the current school year reimbursement adjusted for inflation. OSPI is to adopt accounting rules to implement this section and use IPD for inflation.

Section 6 Beginning with SY 2024-25, OSPI will reimburse districts monthly for 100% of expenditures attributed to students in distinct passenger categories as defined by RCW 28A.160.170 (1)(b). Districts must submit claims monthly. For all other allocations not included, OSPI must notify districts of their transportation allocation before January 15th.

Section 7 (1) (a) changes the language to require OSPI to adjust the allocation formula to include additional factors such as basic and special passenger counts and total sum of miles drivers. It removes the transportation regression analysis formula from the transportation funding language and adds total sum of miles driven.

Section 7 (1) (b) defines transportation vehicles.

Section 7 (1) (c) The transportation allocation amounts determined in section 1 (a) and 1 (b) must be adjusted by the following multipliers as determined by OSPI:

- i) High population density
- ii) Rural, geographically large districts with low number of schools in proportion to geographic size of school district

Section 7 (2) (a) Beginning with SY 2024-25, OSPI will reimburse school districts for 100% of the allowable transportation expenditures reported under RCW 28A.160.170(1)(b) attributable to students in distinct passenger categories as defined in RCW 28a.160.160. OSPI shall establish rules to include student transportation via district bus, third-party providers, district owned vehicles, and other vehicles operated by a third-party provider.

Section 7 (2) (b) Beginning with SY 2024-25, OSPI will annually calculate the transportation allocation excluding services reimbursed in section 7 (2) (a). The allocation formula must:

- i) Be adjusted for additional factors as based special passenger counts as defined by OSPI and total sum of miles driven
- ii) Provide that the transportation allocation for transporting students in district-owned passenger cars is the private vehicle reimbursement rate in effect on September 1st of each school year.

Section 7 (2) (c) The transportation allocation amount generated by the allocation formula under subsection (b) must be adjusted by:

- i) A multiplier for high population density urban school districts
- ii) Multiplier for rural, geographically large districts with a relatively low number of schools in proportion to the geographic size of the school district

Section 7 (3) Annually, the transportation allocations calculated by OSPI shall be adjusted for any budgeted increases provided in the omnibus appropriations act for salaries or fringe benefits.

Section 7 (4) OSPI shall identify and collect necessary data in order to update the transportation model in subsequent biennia and to identify outliers. Prior to June 1st of each year, OPSI shall submit to OFM and education fiscal committees a report outlining the methodology used to determine the allocation for the following year.

Section 8 (1) Beginning with SY 2023-24 through SY 2026-27 no district shall receive a transportation allocation that is less than the allocation provided during the 2021-22 SY.

Section 8 (2) If a districts transportation expenditures exceeded their SY 2021-22 allocation, OSPI must provide additional transportation allocations that reduce the negative funding differential by 0.5% for each school year that the district qualifies for alternative funding.

Section 8 (3) Inflation is defined as IPD.

Section 9 Beginning with SY 2024-25, SAO must conduct a review of a districts transportation expenditures if they exceed 110% of the average per-student expenditure amount in similar school districts. OSPI must adopt rules to categorize similar school districts and notify SAO when a review is necessary.

Section 10 (1)(b) requires districts that enter a transportation contract for services after September 1, 2023 to require the contractor to provide benefits comparable to the SEBB program and School employees retirement system. This includes contracted employees that work sufficient compensated hours to meet the eligibility requirements of the SEBB program if the employee were directly employed by the school district.

Section 11 OSPI will provide districts with a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to section 10.

Section 12 removes the 50% DCYF reimbursement for students under the placement and care of DCYF for transportation.

Section 13 repeals RCW 28A.160.192 and RCW 28A.160.193

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.

District revenue will equal state expenditures for SSB 5174. As the state FN for this bill is indeterminate (see state FN SSB 5174), district revenues are unknown.

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 5: 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 6 of this bill is indeterminate as OSPI does not have data to reasonably estimate the costs distinct passenger categories.

OSPI assumes districts will expend all revenue received in full. Expenditures are indeterminate because revenue is indeterminate:

Section 3 of this bill are indeterminate as OSPI does not have data to reasonably estimate the costs distinct passenger categories.

Section 7 is also indeterminate as OSPI does not have data on students defined in section 3 or section 4, nor expenditures as defined in section 6. Therefore, OSPI does not have information to reasonably estimate the cost or revenue of a new transportation formula as defined in this section.

Section 8 costs are contingent upon the results from OSPIs transportation calculations in section 7 and are thus also indeterminate.

Both Section 7 & 9 includes a requirement for OSPI to adopt rules to implement. OSPI estimates that for each section, the planning, drafting, and hearings to create these rules will cost approximately 102 hours of program staff time, 21 hours of administrative staff time, 75 hours of rules coordinator time, and 17 hours of cabinet or executive review time.

Section 10&11: The fiscal impact for section 11 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	13,500,000	13,500,000	0	0
Total \$			0	13,500,000	13,500,000	0	0

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		13,500,000	13,500,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	13,500,000	13,500,000	0	0

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.