

Individual State Agency Fiscal Note

Bill Number: 1744 HB	Title: Charter school oversight	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
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
Account					
Charter Schools Oversight Account-State 19L-1	284,000	274,000	558,000	548,000	548,000
Total \$	284,000	274,000	558,000	548,000	548,000

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.

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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 of the bill is a finding and intent section.

Section 2(6) of the bill requires that each charter school board ensure that its members and administrative staff receive annual training to support the effective operation and oversight of the charter school, including compliance with the requirements governing the employment of properly credentialed instructional staff, compliance with the requirements of RCW 42.30 and RCW 42.56, and the permitted use of public funds.

Section 3(2)(a) of the bill adds RCW 28A.155 (special education) as a law that a charter school must comply with.

Section 3(2)(b) adds state learning standards as a part of the program of basic education that a charter school must provide.

Section 3(2)(d) requires that charter schools, beginning November 1, 2023, and annually thereafter, must report the employment of all noncertificated instructional staff of unusual competence hired in exceptional cases during the current and preceding school year to the executive director of the commission and the State Board of Education (SBE) for inclusion in the annual report required by RCW 28A.710.250.

Section 3(5) adds the Washington achievement index developed by SBE under RCW 28A.657.110 as an accountability measure that charter schools are subject to.

Section 4(1)(c) adds a new subsection that would ensure that students in charter schools authorized under the bill have opportunities for academic success that are not disrupted by unsatisfactory educational, operational, or financial oversight of the charter school, the charter school board, or both.

Section 5(1)(a) of the bill states that authorizers are responsible for ensuring that students in charter schools they authorize will have opportunities for academic success that are not disrupted by unsatisfactory educational, operational, or financial oversight of the charter school, the charter board, or both.

Section 5(1)(h) of the bill states that authorizers must ensure that charter school boards comply with the annual training requirements in RCW 28A.710.030(6).

Section 6(1) of the bill states that SBE is responsible for overseeing the performance and effectiveness of the Charter School Commission (CSC).

Section 6(2) adds that a high percentage of charter school closures during the preceding 10-year period may trigger a special review by SBE.

Section 6(7) requires that if the CSC is the subject of a special review, then the SBE would have one year from the initiation of the review to complete the review and provide a report with findings and recommendations, including any recommendations for statutory revisions it deems necessary, to the Governor, the Superintendent of Public Instruction, and the Legislature.

Section 7(3) adds grant charters only to applicants that are likely to ensure the financial viability of a successful charter public school to the list of requirements that authorizers must use, in deciding whether to approve a charter school application.

Section 8(2) Removes language related to when an authorizer may conduct or require oversight activities. Adds language for examples of permitted reasons for conducting or requiring oversight activities.

Section 8(3) adds unsatisfactory financial status as a reason that an authorizer must notify a charter school and provide reasonable opportunity to remedy the problem.

Section 9(5)(a) requires authorizers in making charter school decisions ensure that students in the charter school will have opportunities for academic success that are not disrupted by unsatisfactory educational, operational, or financial oversight of

the charter school, the charter school board, or both.

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.

This bill would have no cash receipt impact on the Office of the Superintendent of Public Instruction (OSPI) or the CSC.

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.

OSPI expenditure impact:

This bill would have no expenditure impact on OSPI.

CSC expenditure impact:

The Charter School Commission estimates that in order to implement the bill would require a 1.0 FTE Director level, exempt position and also a 1.0 FTE Program Manager level exempt position starting in FY 2024 and ongoing. These positions would be responsible for carrying out the expanded responsibilities of the Charter School Commission required by the bill. Specifically, the responsibility to ensure the highest standards of accountability and oversight for charter public schools, and the responsibility to ensure that students’ academic opportunities are not disrupted by unsatisfactory oversight of the charter school, the charter school board, or both. Additionally, the positions would be needed to conduct oversight activities for the broadened permitted reasons for oversight under this bill, which would include “other objective circumstances”, as mentioned in Section 8(2) of the bill. The total cost for these positions would be about \$284,000 in FY 2024, and \$274,000 in years after.

SBE expenditure impact:

To implement the bill, SBE would need to expand the scope of its authorizer oversight to include the Charter School Commission (CSC). We assume that the intent is for SBE’s oversight of CSC to be limited to CSC’s role as an authorizer, involving applicable criteria for authorizers. SBE would also need to expand the scope of data it considers in reviewing charter school reports. To carry out this work, SBE would need to develop and/or revise review criteria and rules. In addition, it would need to conduct special CSC reviews as necessary and report results and recommendations to the Office of Superintendent of Public Instruction (OSPI) and the legislature. The frequency of these special reviews is not predictable, and the cost would depend upon the specific issues being explored, thus the fiscal impact is indeterminate.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
19L-1	Charter Schools Oversight Account	State	284,000	274,000	558,000	548,000	548,000
Total \$			284,000	274,000	558,000	548,000	548,000

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	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	190,000	190,000	380,000	380,000	380,000
B-Employee Benefits	53,000	53,000	106,000	106,000	106,000
C-Professional Service Contracts					
E-Goods and Other Services	24,000	24,000	48,000	48,000	48,000
G-Travel	7,000	7,000	14,000	14,000	14,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	284,000	274,000	558,000	548,000	548,000

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

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
CSC Director, exempt	110,000	1.0	1.0	1.0	1.0	1.0
CSC Program Manager, exempt	80,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		2.0	2.0	2.0	2.0	2.0

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

This bill would have no capital expenditure impact on OSPI or the CSC.

Part V: New Rule Making Required

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

Implementation of Sections 3 and 6 will require SBE rulemaking.