

Multiple Agency Fiscal Note Summary

Bill Number: 5311 E 2S SB	Title: Special education funding
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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		358,613,000		426,717,000		446,181,000
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
Office of the Governor	11.0	3,501,000	3,501,000	3,501,000	11.0	3,446,000	3,446,000	3,446,000	11.0	3,446,000	3,446,000	3,446,000
Office of State Auditor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	.0	356,656,000	358,633,000	358,633,000	.0	424,413,000	426,725,000	426,725,000	.0	443,791,000	446,191,000	446,191,000
Total \$	11.0	360,157,000	362,134,000	362,134,000	11.0	427,859,000	430,171,000	430,171,000	11.0	447,237,000	449,637,000	449,637,000

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			358,613,000			426,717,000			446,181,000
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 the Governor	.0	0	0	.0	0	0	.0	0	0
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.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

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 3/17/2023
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Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB	Title: Special education funding	Agency: 075-Office of the Governor
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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	11.0	11.0	11.0	11.0	11.0
Account					
General Fund-State 001-1	1,778,000	1,723,000	3,501,000	3,446,000	3,446,000
Total \$	1,778,000	1,723,000	3,501,000	3,446,000	3,446,000

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/06/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 03/16/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 03/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/17/2023

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.

Engrossed Second Senate Bill 5311 adds Sec 3(5) which instructs the Education Ombuds to delegate and certify at least one special education ombuds to serve each educational service district region. The special education ombuds must serve as a resource for students eligible for special education services and their parents.

Office of Education Ombuds (OEO) will hire nine ombuds, one for each district region, to provide ombud services related to special education services. The office will also need additional staff to support the new ombudsmen.

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.

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.

Salaries and benefits:

The Office requests the following FTEs

- 9 FTE - Senior Ombuds at \$127,000 per year and includes salaries and benefits.
- 1 FTE - Ombuds Supervisor at \$145,000 per year and includes salaries and benefits.
- 1 FTE - Associate Ombuds at \$103,000 per year and includes salaries and benefits.

Goods and services: Based on average employee costs, the Office requests ongoing funding for supplies and materials, communications and telecommunications services, lease space, training, software licensing and maintenance at \$4,000 per year, per FTE.

Travel: Based on average employee travel in FY 2019, the Office requests ongoing funding for travel associated with this position at \$4,000 per year, per FTE.

Capital Outlays: The Office requests one-time funding for purchasing equipment for working remotely at \$5,000 per FTE.

Shared Service Costs: The Office of Financial Management provides administrative support for the Office of Financial Management, Office of the Governor, and Office of Independent Investigations. These services include IT support, budget and accounting services, facilities support, and human resource assistance. To fund these shared services, each budgeted FTE is assessed an ongoing cost of \$30,000 and 0.22 of an FTE. Based on the average salary for those providing these services, we estimate the cost for a new FTE at \$140,000 per year including salary, benefits, equipment, and support costs.

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	1,778,000	1,723,000	3,501,000	3,446,000	3,446,000
Total \$			1,778,000	1,723,000	3,501,000	3,446,000	3,446,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	11.0	11.0	11.0	11.0	11.0
A-Salaries and Wages	1,050,000	1,050,000	2,100,000	2,100,000	2,100,000
B-Employee Benefits	255,000	255,000	510,000	510,000	510,000
C-Professional Service Contracts					
E-Goods and Other Services	44,000	44,000	88,000	88,000	88,000
G-Travel	44,000	44,000	88,000	88,000	88,000
J-Capital Outlays	55,000		55,000		
M-Inter Agency/Fund Transfers	330,000	330,000	660,000	660,000	660,000
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,778,000	1,723,000	3,501,000	3,446,000	3,446,000

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
Associate Ombuds	75,000	1.0	1.0	1.0	1.0	1.0
Ombuds Supervisor	120,000	1.0	1.0	1.0	1.0	1.0
Senior Ombuds	95,000	9.0	9.0	9.0	9.0	9.0
Total FTEs		11.0	11.0	11.0	11.0	11.0

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

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: 5311 E 2S SB	Title: Special education funding	Agency: 095-Office of State Auditor
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/06/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 03/06/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 03/06/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/07/2023

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.

The second substitute SB 5311 required the superintendent of public instruction and the state auditor to develop an allocation and cost accounting methodology that ensures state general apportionment funding.

The engrossed second substitute bill no longer mentions the State Auditor's Office, therefore no fiscal impact.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB	Title: Special education funding	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/06/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 03/07/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 03/07/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/07/2023

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.

Changes in this engrossed second substitute version compared to second substitute: There were no changes that had an impact on OFM's fiscal note assumptions from the previous version.

Engrossed Second Substitute version:

Section 1 amends the formula used by the Superintendent of Public Instruction to submit its programmed budget request for special education programs for students with disabilities. Section 2 amends the average per-pupil expenditure used by the Superintendent of Public Instruction to determine safety net award eligibility. These changes could be incorporated utilizing OFM's current practices and resources, and therefore have no fiscal impact.

Section 3 creates the Office of Education Ombuds within the Office of the Governor. OFM may provide some administrative support to the new office, but assumes all related costs would be borne by the Office of the Governor.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB	Title: Special education funding	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	153,367,000	203,289,000	356,656,000	424,413,000	443,791,000
WA Opportunity Pathways Account-State 17f-1	852,000	1,125,000	1,977,000	2,312,000	2,400,000
Total \$	154,219,000	204,414,000	358,633,000	426,725,000	446,191,000

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/06/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 03/13/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 03/13/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 03/14/2023

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 one (revised) increases the special education prototypical funding multipliers for all enrollment tiers and raises the enrollment funding CAP from 13.5% to 15%.

Section two (revised) changes the safety net calculation so that the threshold will be 2 times the average per pupil expenditure for school districts with fewer than 1,000 FTE students and 2.2 times the average per pupil expenditure for school districts with 1,000 for more FTE students.

Section three (revised) creates within the office of the education ombuds in the office of the governor a special education ombuds delegate to serve each educational service district region.

Section four (new) tasks OSPI to develop an allocation and cost accounting methodology to ensure state general apportionment funding for students who receive their basic education services primarily in an alternative classroom or setting are prorated and allocated to the special education program and accounted for before calculating special education excess costs. OSPI shall provide the legislature with an accounting of prorated general apportionment allocations provided to special education programs by district by January 1, 2024 and then every January 1st of odd-numbered years thereafter.

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 One: Using November 2022 caseload forecast, OSPI estimates that the multiplier fiscal impacts are expected to drive approximately \$144 million through the prototypical funding formula in school year 2023-24. OSPI assumes that a raised enrollment CAP from 13.5% to 15% will drive approximately 0.54% higher special education enrollment based on January 2023 special education enrollment reported to OSPI. Using this percentage and statewide caseload forecasted enrollment projections, OSPI estimates that the enrollment CAP increase will drive an additional \$49 million through the prototypical funding formula in school year 2023-24. For more details, see attached tables.

Section Two: It is unknown which districts will apply for safety net funding in the future. However, applying the new calculation methodology to applications that were received in SY 2021-22, OSPI estimates that approximately \$6M more funding would be released by lowering the per pupil expenditure threshold. However, this does not take into account any applications that districts did not submit because they were under the threshold.

Section Four: Due to the complexity of the special education formula and the age of OSPI's apportionment system, OSPI assumes the majority of the annual calculation for this section will need to be done by staff outside of the system. OSPI assumes the initial setup will include some contractor cost of approximately 80 programming hours and two weeks of staff time. The cost for this effort will be approximately 18,000 for FY 25 to develop an allocation and cost accounting methodology as specified in this bill. In order to maintain the manual process outside of the system it will be an additional week of staff time per year at 4,000 each year thereafter.

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	153,367,000	203,289,000	356,656,000	424,413,000	443,791,000
17f-1	WA Opportunity Pathways Account	State	852,000	1,125,000	1,977,000	2,312,000	2,400,000
Total \$			154,219,000	204,414,000	358,633,000	426,725,000	446,191,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	4,000	2,000	6,000	4,000	4,000
B-Employee Benefits	3,000	2,000	5,000	4,000	4,000
C-Professional Service Contracts	11,000		11,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	154,201,000	204,410,000	358,611,000	426,717,000	446,183,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	154,219,000	204,414,000	358,633,000	426,725,000	446,191,000

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.

Table: E2SSB 5311 Fiscal Impacts

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
SpEd Enrollment CAP	\$ 49,350,000	\$ 51,076,000	\$ 52,474,000	\$ 53,940,000	\$ 55,019,000	\$ 56,119,000
SpEd Multiplier	\$ 143,636,000	\$ 148,921,000	\$ 153,222,000	\$ 157,732,000	\$ 160,887,000	\$ 164,105,000
Safety Net	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000
Allocation & Cost Accounting	\$ 18,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Total School Year	\$ 198,992,000	\$ 205,989,000	\$ 211,688,000	\$ 217,664,000	\$ 221,898,000	\$ 226,216,000
State Fiscal Year	2024	2025	2026	2027	2028	2029
General Fund	\$ 153,367,000	\$ 203,289,000	\$ 209,259,000	\$ 215,154,000	\$ 219,758,000	\$ 224,033,000
Opportunities Pathway	\$ 852,000	\$ 1,125,000	\$ 1,147,000	\$ 1,165,000	\$ 1,188,000	\$ 1,212,000
Total Fiscal Year	\$ 154,219,000	\$ 204,414,000	\$ 210,406,000	\$ 216,319,000	\$ 220,946,000	\$ 225,245,000
Biennium	2023-2025		2025-2027		2027-2029	
General Fund	\$ 356,656,000		\$ 424,413,000		\$ 443,791,000	
Opportunities Pathway	\$ 1,977,000		\$ 2,312,000		\$ 2,400,000	
Total Biennium	\$ 358,633,000		\$ 426,725,000		\$ 446,191,000	

Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB	Title: Special education funding	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	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000
Total \$	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000
Total \$	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000

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.

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- 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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/06/2023
Agency Preparation: Melissa Jarmon	Phone: 360 725-6302	Date: 03/14/2023
Agency Approval: Michelle Matakas	Phone: 360 725-6019	Date: 03/14/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 03/15/2023

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 one (revised) increases the special education prototypical funding multipliers for all enrollment tiers and raises the enrollment funding CAP from 13.5% to 15%.

Section two (revised) changes the safety net calculation so that the threshold will be 2 times the average per pupil expenditure for school districts with fewer than 1,000 FTE students and 2.2 times the average per pupil expenditure for school districts with 1,000 for more FTE students.

Section three (revised) creates within the office of the education ombuds in the office of the governor a special education ombuds delegate to serve each educational service district region.

Section four (new) tasks OSPI to develop an allocation and cost accounting methodology to ensure state general apportionment funding for students who receive their basic education services primarily in an alternative classroom or setting are prorated and allocated to the special education program and accounted for before calculating special education excess costs. OSPI shall provide the legislature with an accounting of prorated general apportionment allocations provided to special education programs by district by January 1, 2024 and then every January 1st of odd-numbered years thereafter.

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.

OSPI assumes District revenue to equal State expenditures, see state fiscal note for E2SSB 5311.

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 assumes that districts will expend all revenue received from the state for HB 1436 (see state note FN for additional details).

Section One: Using November 2022 caseload forecast, OSPI estimates that the multiplier fiscal impacts are expected to drive approximately \$144 million through the prototypical funding formula in school year 2023-24. OSPI assumes that a raised enrollment CAP from 13.5% to 15% will drive approximately 0.54% higher special education enrollment based on January 2023 special education enrollment reported to OSPI. Using this percentage and statewide caseload forecasted enrollment projections, OSPI estimates that the enrollment CAP increase will drive an additional \$49 million through the prototypical funding formula in school year 2023-24. For more details, see attached tables.

Section Two: It is unknown which districts will apply for safety net funding in the future. However, applying the new calculation methodology to applications that were received in SY 2021-22, OSPI estimates that approximately \$6M more funding would be released by lowering the per pupil expenditure threshold. However, this does not take into account any applications that districts did not submit because they were under the threshold.

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	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000
Total \$			154,205,000	204,408,000	358,613,000	426,717,000	446,181,000

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					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	154,205,000	204,408,000	358,613,000	426,717,000	446,181,000

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.

Table: E2SSB 5311 Fiscal Impacts						
School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
SpEd Enrollment CAP	\$ 49,350,000	\$ 51,076,000	\$ 52,474,000	\$ 53,940,000	\$ 55,019,000	\$ 56,119,000
SpEd Multiplier	\$ 143,636,000	\$ 148,921,000	\$ 153,222,000	\$ 157,732,000	\$ 160,887,000	\$ 164,105,000
Safety Net	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000	\$ 5,988,000
Total	\$ 198,974,000	\$ 205,985,000	\$ 211,684,000	\$ 217,660,000	\$ 221,894,000	\$ 226,212,000
State Fiscal Year	2024	2025	2026	2027	2028	2029
School District Local	\$ 154,205,000	\$ 204,408,000	\$ 210,402,000	\$ 216,315,000	\$ 220,941,000	\$ 225,240,000
Total	\$ 154,205,000	\$ 204,408,000	\$ 210,402,000	\$ 216,315,000	\$ 220,941,000	\$ 225,240,000
Biennium	2023-2025		2025-2027		2027-2029	
Total	\$ 358,613,000		\$ 426,717,000		\$ 446,181,000	