

Multiple Agency Fiscal Note Summary

Bill Number: 1744 E S HB	Title: Charter school oversight
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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 Attorney General	0	0	28,000	0	0	16,000	0	0	16,000
Total \$	0	0	28,000	0	0	16,000	0	0	16,000

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 Attorney General	.1	0	0	28,000	.1	0	0	16,000	.1	0	0	16,000
Superintendent of Public Instruction	1.1	0	0	72,000	1.0	0	0	18,000	1.0	0	0	18,000
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	0	0	100,000	1.1	0	0	34,000	1.1	0	0	34,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.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

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 4/ 4/2023
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Individual State Agency Fiscal Note

Bill Number: 1744 E S HB	Title: Charter school oversight	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1	20,000	8,000	28,000	16,000	16,000
Total \$	20,000	8,000	28,000	16,000	16,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
Legal Services Revolving Account-State 405-1	20,000	8,000	28,000	16,000	16,000
Total \$	20,000	8,000	28,000	16,000	16,000

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: 03/08/2023
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 04/03/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 04/03/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/03/2023

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.

Section 1 – New Section. Findings. Requirements governing the establishment and operations of public charter schools are insufficient. Legislature has an obligation to ensure the requirements for the oversight of public charter schools are clearly delineated.

Section 2 – Amends RCW 28A.710.030, adds audit requirement and training.

Section 3 – Amends RCW 28A.710.040, adds clarification to what a charter school must do.

Section 4 – Amends RCW 28A.710.070, adds accountability for charter school boards to students at the charter school.

Section 5 – Amends RCW 28A.710.100, requires boards to ensure opportunity for students, financial accountability and training requirements.

Section 6 – Amends RCW 28A.710.120, amends certain sections with respect to what the state board of education must consider or manage.

Section 7 – Amends RCW 28A.710.40, adds ensuring financial viability of charter schools.

Section 8 – Amends RCW 28A.710.180, sets out reasons for oversight.

Section 9 – Amends RCW 28A.710.190, sets out what a charter school authorizer must hold its board accountable for.

Section 10 – New Section added to chapter 28A.710, provides for the use technical assistance to address issues.

Section 11 – New Section added to chapter 28A.710, by November 1, 2023, commission to establish online system for students and parents to submit complaints for charter schools.

Section 12 – New Section added to chapter 28A.710, posting requirement for how to submit complaints.

This bill is assumed effective 90 days after the end of the 2023 legislative session.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Charter School Commission (CSC). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

CSC will be billed for non-Seattle rates:

FY 2024: \$20,000 for 0.08 Assistant Attorney General FTE (AAG) and 0.04 Legal Assistant 3 FTE (LA).

FY 2025 and in each FY thereafter: \$8,000 for 0.03 AAG and 0.02 LA.

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.

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing is assumed to be in a non-Seattle office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 (MA) is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of an MA.

Assumptions for the AGO Education Division's (EDU) legal services for the Charter Schools Commission (CSC):

The AGO will bill CSC for legal services based on the enactment of this bill.

Sections 5, 8, 9, 10, and 11 are expected to generate the bulk of the ongoing advice due to an anticipated increase in the number of complaints, investigations, and corrective actions.

Sections 4 and 5 will generate a fair portion of the workload in FY2024 due to the need to advise on performance framework revisions, rulemaking, etc.

EDU assumes in FY2024 will require legal advice relating to implementation, chart contract revisions, rulemaking and changes to performance frameworks, renewal guidance; technical assistance responsibilities; advice relating to additional investigations and potential corrective actions against schools arising from complaint process and/or additional school obligations under legislation. EDU estimates they will be providing advice on approximately five complaints received through the complaint process at approximately two hours each; Estimate two additional investigations arising out of complaint process, with one investigation resulting in corrective action; Advice related to public records requests (primarily pertaining to complaints received by commission); estimate three additional requests at one hour each.

EDU assumes in FY2025 eight complaints will be received that necessitate legal advice (one additional hour relating to this component); three investigations; one proceeding to corrective action; and four public records requests relating to the corrective action that require advice.

EDU assumes that in FY2026, 2027, and 2028 are five complaints that necessitate legal advice; three investigations, on proceeding to corrective action, and four public records requests relating to the corrective action that require advice.

EDU: Total non-Seattle workload impact:

FY 2024: \$20,000 for 0.08 AAG and 0.04 LA.

FY 2025 and in each FY thereafter: \$8,000 for 0.03 AAG and 0.02 LA.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	20,000	8,000	28,000	16,000	16,000
Total \$			20,000	8,000	28,000	16,000	16,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	14,000	5,000	19,000	10,000	10,000
B-Employee Benefits	4,000	2,000	6,000	4,000	4,000
E-Goods and Other Services	2,000	1,000	3,000	2,000	2,000
Total \$	20,000	8,000	28,000	16,000	16,000

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
Assistant Attorney General	118,700	0.1	0.0	0.1	0.0	0.0
Legal Assistant 3	55,872	0.0	0.0	0.0	0.0	0.0
Management Analyst 5	91,524	0.0		0.0		
Total FTEs		0.1	0.1	0.1	0.1	0.1

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Education Division (EDU)	20,000	8,000	28,000	16,000	16,000
Total \$	20,000	8,000	28,000	16,000	16,000

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

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

Revised

Bill Number: 1744 E S 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	1.2	1.0	1.1	1.0	1.0
Account					
Charter Schools Oversight Account-State 19L-1	63,000	9,000	72,000	18,000	18,000
Total \$	63,000	9,000	72,000	18,000	18,000

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/08/2023
Agency Preparation: Troy Klein	Phone: (360) 725-6294	Date: 04/03/2023
Agency Approval: Amy Kollar	Phone: 360 725-6420	Date: 04/03/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 04/04/2023

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.

ESHB 1744 changes from HB 1744:

Section 1 of the bill modifies the finding and intent language.

Section 2(2) of the bill requires charter school boards to "obtain an accountability audit," instead of "contract for an independent performance audit," after the school's first full year of operation and at least every three years thereafter, instead of every three years thereafter. This subsection also makes a corresponding change to delete an auditing standards requirement for performance audits of charter schools.

Section 3(2) of the bill adds the transitional bilingual instruction program to provisions delineating examples of the laws that charter schools must comply with.

Sections 4(1), 5(1), and 9(5) of the bill makes changes to provisions governing the Washington State Charter School Commission (CSC) and other charter school authorizers by directing them to hold charter school boards accountable for ensuring that charter school students have opportunities for academic success, and exercising effective educational, operational, and financial oversight of charter schools.

Section 6 of the bill specifies that the State Board of Education (SBE) is responsible for overseeing the performance and effectiveness of all authorizers, a term that includes the Washington State Charter School Commission, rather than only authorizers approved by the SBE.

Section 10 of the bill directs the CSC, beginning with the 2023-24 school year, to promote the effective administration and operation of charter schools through the provision of technical assistance to requesting charter schools, charter school boards, or both. Permits the technical assistance to be provided by Commission staff or through a contractor. Directs the Commission to prioritize requests for assistance from charter schools that have been in operation for three or fewer years. Specifies that the technical assistance may only be provided at the request of the applicable charter school or charter school board, and is unrelated to, and does not affect or otherwise modify, duties of the Commission in its role as an authorizer.

Section 11 of the bill requires the CSC, by November 1, 2023, to establish and maintain an online system for charter school students and their parents or legal guardians to submit complaints about the operation and administration of charter schools. Establishes related response duties and discretionary inquiry authority for the Commission in meeting requirements for the complaint system. Requires that the CSC adopt and revise as necessary rules to implement Section 11 of the bill.

Section 12 of the bill requires each charter school to prominently post and maintain on its website information about the school's process and instructions for submitting complaints about the operation and administration of the charter school by students of the school and their parents.

Section 1 of the bill is a finding and intent section.

Section 2(2) of the bill requires charter school boards to "obtain an accountability audit," instead of "contract for an independent performance audit," after the school's first full year of operation and at least every three years thereafter, instead of every three years thereafter. This subsection also makes a corresponding change to delete an auditing standards requirement for performance audits of charter schools.

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), and RCW 28A.180 (transitional bilingual instruction program) as laws 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 CSC hold charter school boards accountable for ensuring that charter school students have opportunities for academic success, and exercising effective educational, operational, and financial oversight of charter schools.

Section 5(1)(a) of the bill states that authorizers are responsible for holding the charter school board of each authorized charter school accountable for ensuring that charter school students have opportunities for academic success, and exercising effective educational, operational, and financial oversight of the charter school.

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 all authorizers.

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 hold charter school boards accountable for ensuring that charter school students have opportunities for academic success, and exercising effective educational, operational, and financial oversight of the charter schools.

Section 10 of the bill directs the CSC, beginning with the 2023-24 school year, to promote the effective administration and operation of charter schools through the provision of technical assistance to requesting charter schools, charter school boards, or both. Permits the technical assistance to be provided by Commission staff or through a contractor. Directs the Commission to prioritize requests for assistance from charter schools that have been in operation for three or fewer years. Specifies that the technical assistance may only be provided at the request of the applicable charter school or charter school board, and is unrelated to, and does not affect or otherwise modify, duties of the Commission in its role as an authorizer.

Section 11 of the bill requires the CSC, by November 1, 2023, to establish and maintain an online system for charter school students and their parents or legal guardians to submit complaints about the operation and administration of charter schools. Establishes related response duties and discretionary inquiry authority for the Commission in meeting requirements for the complaint system. Requires that the CSC adopt and revise as necessary rules to implement Section 11 of the bill.

Section 12 of the bill requires each charter school to prominently post and maintain on its website information about the school's process and instructions for submitting complaints about the operation and administration of the charter school by students of the school and their parents.

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), SBE 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:

This bill would have an indeterminate expenditure impact on CSC.

CSC estimates that for Section 10 of the bill CSC would need to provide some of the technical assistance by way of CSC staff and also contract out for some of the technical assistance, depending on the number of requests that come in at the same time, and the nature of the technical assistance needed. For each technical assistance request, it would either be provided by CSC staff or contracted out, as opposed to all technical assistance being provided by the CSC staff or all technical assistance contracted out.

The expenditure impact on CSC for this section is indeterminate but for the purposes of this fiscal note CSC assumes the following:

- About 12-14 schools per year would make 1 or more technical assistance request for an average of about 20 requests per year. This assumption includes the 2 schools set to open in fall of 2023, the 5 new schools that opened in fall of 2021, and 6 other schools under inquiry/corrective action, plus experienced schools that will want to take advantage of this new service.
- The new technical assistance work would need to be managed by up to an estimated 1.0 FTE exempt, CSC Technical Assistance Oversight Manager who would also directly provide some of the technical assistance. CSC assumes that this position would cost up to \$141,000 in FY 2024 and \$130,000 in years after.
- CSC also estimates that contractor consultants would be required for approximately 15 requests per year at a contractor cost of \$180/hour, for about 40-80 hours of work per request. The CSC estimates that the costs for contracting work would be between \$115,000 to \$230,000 per fiscal year starting in FY 2024.

Section 11 (2) requires the Commission to adopt and revise as necessary rules for implementation. Rulemaking will be necessary for sections 10 and 11 and potentially other sections. The Commission estimates it would require 0.20 FTE of a CSC exempt Director staff time for such rulemaking. The estimated cost for this position is \$41,000 in FY 2024 only. The Commission also estimates that this Section would require support from the Attorney General (AG) for rulemaking, legal advice, potential changes to performance frameworks, renewal guidance, and charter contracts, as well as legal advice supporting complaints and investigations. The CSC has coordinated with the AG regarding an estimate for an Assistant Attorney Generals time and cost. The costs are estimated to be about \$22,000 in FY 2024, and about \$9,000 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). 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 predicible, 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	63,000	9,000	72,000	18,000	18,000
Total \$			63,000	9,000	72,000	18,000	18,000

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	1.2	1.0	1.1	1.0	1.0
A-Salaries and Wages	26,000		26,000		
B-Employee Benefits	11,000		11,000		
C-Professional Service Contracts					
E-Goods and Other Services	23,000	9,000	32,000	18,000	18,000
G-Travel	1,000		1,000		
J-Capital Outlays	2,000		2,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	63,000	9,000	72,000	18,000	18,000

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	130,000	0.2		0.1		
CSC Technical Assistance Oversight Manager, exempt	80,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.2	1.0	1.1	1.0	1.0

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, SBE 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.

Implementation of Sections 10, and 11 would require CSC rulemaking.