

Multiple Agency Fiscal Note Summary

Bill Number: 5311 E 2S SB AMH APP MACK 296	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		121,766,000		242,271,000		311,559,000
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
Joint Legislative Audit and Review Committee	Fiscal note not available											
Office of the Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Auditor	1.8	0	0	1,522,880	.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	176,293,000	177,230,000	177,230,000	.0	250,408,000	251,747,000	251,747,000	.0	310,837,000	312,598,000	312,598,000
Total \$	1.8	176,293,000	177,230,000	178,752,880	0.0	250,408,000	251,747,000	251,747,000	0.0	310,837,000	312,598,000	312,598,000

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			121,766,000			242,271,000			311,559,000
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
Joint Legislative Audit and Review Committee	Fiscal note not available								
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: Preliminary 4/11/2023
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Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB AMH APP MACK 296	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:

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: James Mackison	Phone: 360-786-7104	Date: 04/06/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 04/10/2023
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 04/10/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/11/2023

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 amendment no longer contains the section which instructs the Education Ombuds to delegate and certify at least one special education ombuds to serve each educational service district region. Removing this section enables the Office of Education Ombuds (OEO) to support this bill within current resources and does not have a fiscal impact.

Sec. 6 (1) The joint legislative audit and review committee and the state auditor must collaborate to conduct a performance audit of the state's system of providing special education services to students with disabilities.

(2) To develop the appropriate scope, define study questions, and select one or more contractors to complete the performance audit and report, the Joint Legislative Audit and Review Committee and State Auditor shall consult with the Office of the Superintendent of Public Instruction, the Office of the Education Ombuds, organizations representing and serving students with disabilities, the Washington State Special Education Advisory Council, and labor organizations representing educators providing educational services to students with disabilities in developing study questions and choosing appropriate contractors.

The Office of Education Ombuds (OEO) can support this work within current resources as long as the scope of work is reasonable and therefore does not have a 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 AMH APP MACK 296	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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.3	0.3	1.8	0.0	0.0
Account					
Performance Audits of Government Account-Non-Appropriated 553 -6	1,168,050	354,830	1,522,880	0	0
Total \$	1,168,050	354,830	1,522,880	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 04/06/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 04/10/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 04/10/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 04/11/2023

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 6(1) requires the SAO to work with the Joint Legislative Audit & Review Committee (JLARC) and the review committee to conduct a performance audit of the state's system of providing special education services to students with disabilities.

Section 6(1) (a)-(f) Outlines the audit and report criteria. Based on discussions with JLARC, the State Auditor would be responsible for addressing the following:

6(a) Whether or not funding for evaluating and serving students with disabilities reflects the prevalence of disabilities in the state.

6(f) How the state could improve its recruitment and retention efforts for teachers, aides, and paras that serve students with disabilities.

Section 6(2) Provides authority for SAO to audit a sample of school districts as needed.

Section 6(4) Allows for the SAO to have access to records for this evaluation. Requires state or local governments to provide those records within 4 months of the initial request unless notification is made within 21 days of the request that the request does not comply with the federal educational rights and privacy act.

Section 6(5) Requires the designations of lead agency for the audit and report be provided to the governor and the committees of the legislature by December 31, 2023.

Section 6(6) requires a report to the governor and committees by November 30, 2024.

II. B - Cash receipts Impact

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

This work would be funded through the Performance Audits of Government Account which relies on a dedicated portion of sales tax revenue. Therefore, no cash receipts impact is estimated.

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 legislation would require contract expertise to complete Section 6(a) and Section 6(f) would be conducted using FTEs.

We estimate the cost for a contractor would be \$1 million to perform the work required in Section 6(a). Contractors would need to have expertise in conducting research on special education issues, in particular (e.g. the Haring Center for Inclusive Education at the University of Washington) or the social sciences. We consulted with JLARC staff to develop the estimated contract cost. It is based on a recommendation for DSHS to do a prevalence study for mental illness, including how many people enrolled in medical assistance compared to prevalence estimates of people with mental illnesses. The legislature allocated \$500,000 for this study in 2001 which would be about \$1 million in today's dollars. Overhead is factored on top of the contract estimate for SAO contract oversight. The work for this section of the legislation is estimated to be performed 70% during Fiscal Year 2024 and the remainder in Fiscal Year 2025.

2,500 SAO staff hours is estimated to complete the work outlined in Section 6(f). This includes 800 hours each for two staff at the performance auditor level, 800 hours for a senior performance auditor and 100 hours of oversight for a principal performance auditor. This reflects our management team's estimation of the time it would take to conduct a performance audit to perform the required evaluation. This portion of work would be completed during Fiscal Year 2024.

All work required in this bill would be one-time.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
553-6	Performance Audits of Government Account	Non-Appropriated	1,168,050	354,830	1,522,880	0	0
Total \$			1,168,050	354,830	1,522,880	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.3	0.3	1.8		
A-Salaries and Wages	311,075	35,640	346,715		
B-Employee Benefits	100,975	13,190	114,165		
C-Professional Service Contracts	700,000	300,000	1,000,000		
E-Goods and Other Services	56,000	6,000	62,000		
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 \$	1,168,050	354,830	1,522,880	0	0

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
Management/Oversight	72,000	1.2	0.3	0.8		
Performance Audit Principal	129,000	0.1		0.1		
Performance Audit Senior	116,184	0.7		0.4		
Performance Auditor	101,052	1.3		0.7		
Total FTEs		3.3	0.3	1.8		0.0

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 AMH APP MACK 296	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: James Mackison	Phone: 360-786-7104	Date: 04/06/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 04/10/2023
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 04/10/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/11/2023

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 6 requires the Joint Legislative Audit and Review Committee and the State Auditor to conduct a performance audit of the state's special education system. Section 6 (4) requires OFM, upon request, and within four months thereof, to provide education records necessary to conduct the audit. These requirements can be completed within existing resources, and therefore there is no fiscal impact to OFM.

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 AMH APP MACK 296	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
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
Account					
General Fund-State 001-1	72,611,000	103,682,000	176,293,000	250,408,000	310,837,000
WA Opportunity Pathways Account-State 17f-1	384,000	553,000	937,000	1,339,000	1,761,000
Total \$	72,995,000	104,235,000	177,230,000	251,747,000	312,598,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 04/06/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 04/07/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 04/07/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 04/10/2023

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): Intent, this bill works to fully fund special education as a part of basic education by removing the 13.5 percent enrollment cap, increasing the special education multipliers, and providing an excess cost for high needs students.

Section 2(2) (amended): changes the special education funding multipliers for K-21 special education students:

- Special education students reported in a general education setting for 80% or more of the school day – 1.035 SY 2023-24, 1.04 SY 2024-25, 1.043 SY 2025-26, and 1.059 SY 2026-27
- All other K-21 special education students – 1.02 SY 2023-24, 1.025 SY 2024-25, 1.028 SY 2025-26, and 1.043 SY 2026-27

Section 2(3) (amended): changes the funded enrollment cap to be 14% in SY 2023-24, 14.5% in 2024-25, 15% in SY 2025-26 & 2026-27 and removes the enrollment cap beginning with SY 2027-28.

Section 3 (amended): lowers the safety net threshold from 2.3 times per pupil to 2.2.

Section 4 (new): Modifies the apportionment basic ed carve out of special education funding (revenue 3121) to be up to 50% of the school districts base allocation as defined in RCW 28a.150.390 (3) for students eligible for and receiving special education portions if a district's special education expenditures in the prior school year exceed state funding.

Section 5 (new): OSPI shall provide technical assistance and annually review data from local education agencies, including the percentage of students receiving special education services, to ensure that there is not a disproportionate identification of students to maintain inclusionary practices.

Section 6 (new): JLARC and the state auditor shall collaborate to prepare a report and conduct a performance audit of the state's system of provide special education services to students with disabilities.

Section 7 (new): Section 2 & 3 takes effect September 1, 2023.

Section 8 (new): Section 4 takes effect July 1, 2025.

Section 9 (new): if funding is not provided for this bill in the omnibus appropriating act, the act is null and void.

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(2): Using caseload forecast enrollment and maintenance level funding drivers updated as of March 2023, OSPI estimates that the increase to special education multipliers will drive an additional \$29 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached Table.

Section 2(3): Using January 2023 special ed enrollment, OSPI estimates the increase to special education enrollment cap will drive an additional \$19 million through the prototypical funding special education formula in school year 2023-24. For

more details, see attached table.

Section 3: Using School Year 2021-22 safety net applications, OSPI estimates that lowering the safety net threshold from 2.3 to 2.2 times per pupil will drive approximately \$5.7 million per year beginning with FY25. These expenditures are not increased by inflation and do not take into account additional applications that could have been realized with the lower threshold and were not submitted.

Section 4: Due to the complexity of the special education formula and the age of OSPIs 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 set up the process. 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.

Section 5: OSPI assumes to continue the work currently being funded by proviso in the 2021-23 biennium in technical assistance maintaining inclusionary practices defined in this bill in section 5. To maintain this work, OSPI assumes it will need continued funding of \$5 million per 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	72,611,000	103,682,000	176,293,000	250,408,000	310,837,000
17f-1	WA Opportunity Pathways Account	State	384,000	553,000	937,000	1,339,000	1,761,000
Total \$			72,995,000	104,235,000	177,230,000	251,747,000	312,598,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.0	0.0	0.0	0.0
A-Salaries and Wages		4,000	4,000	4,000	4,000
B-Employee Benefits		3,000	3,000	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	72,995,000	104,217,000	177,212,000	251,739,000	312,590,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	72,995,000	104,235,000	177,230,000	251,747,000	312,598,000

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 Director	109,692		0.0	0.0	0.0	0.0
Total FTEs			0.0	0.0	0.0	0.0

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.

Table: E2SSB 5311 Fiscal Impacts

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Sec 2: SpEd Enrollment CAP	\$ 18,872,000	\$ 35,751,000	\$ 55,243,000	\$ 60,637,000	\$ 76,694,000	\$ 78,228,000
Sec 2: SpEd Multiplier	\$ 28,848,000	\$ 42,587,000	\$ 48,351,000	\$ 67,803,000	\$ 69,159,000	\$ 70,542,000
Sec 3: Safety Net	\$ -	\$ 5,754,000	\$ 5,755,000	\$ 5,755,000	\$ 5,755,000	\$ 5,755,000
Sec 4: Redirect of BasicEd/Sped - OSPI/IT	\$ -	\$ 18,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Sec 5: Maintaining Inclusionary Practices (IPP)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Total School Year	\$ 52,720,000	\$ 89,110,000	\$ 114,353,000	\$ 139,199,000	\$ 156,612,000	\$ 159,529,000
State Fiscal Year	2024	2025	2026	2027	2028	2029
General Fund	\$ 72,611,000	\$ 103,682,000	\$ 113,564,000	\$ 136,844,000	\$ 152,865,000	\$ 157,972,000
Opportunities Pathway	\$ 384,000	\$ 553,000	\$ 606,000	\$ 733,000	\$ 860,000	\$ 901,000
Total Fiscal Year	\$ 72,995,000	\$ 104,235,000	\$ 114,170,000	\$ 137,577,000	\$ 153,725,000	\$ 158,873,000
Biennium	2023-2025		2025-2027		2027-2029	
General Fund	\$ 176,293,000		\$ 250,408,000		\$ 310,837,000	
Opportunities Pathway	\$ 937,000		\$ 1,339,000		\$ 1,761,000	
Total Biennium	\$ 177,230,000		\$ 251,747,000		\$ 312,598,000	

Individual State Agency Fiscal Note

Bill Number: 5311 E 2S SB AMH APP MACK 296	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	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000
Total \$	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000
Total \$	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 04/06/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 04/07/2023
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 04/07/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 04/10/2023

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): Intent, this bill works to fully fund special education as a part of basic education by removing the 13.5 percent enrollment cap, increasing the special education multipliers, and providing an excess cost for high needs students.

Section 2(2) (amended): changes the special education funding multipliers for K-21 special education students:

- Special education students reported in a general education setting for 80% or more of the school day – 1.035 SY 2023-24, 1.04 SY 2024-25, 1.043 SY 2025-26, and 1.059 SY 2026-27
- All other K-21 special education students – 1.02 SY 2023-24, 1.025 SY 2024-25, 1.028 SY 2025-26, and 1.043 SY 2026-27

Section 2(3) (amended): changes the funded enrollment cap to be 14% in SY 2023-24, 14.5% in 2024-25, 15% in SY 2025-26 & 2026-27 and removes the enrollment cap beginning with SY 2027-28.

Section 3 (amended): lowers the safety net threshold from 2.3 times per pupil to 2.2.

Section 4 (new): Modifies the apportionment basic ed carve out of special education funding (revenue 3121) to be up to 50% of the school districts base allocation as defined in RCW 28a.150.390 (3) for students eligible for and receiving special education portions if a district's special education expenditures in the prior school year exceed state funding.

Section 5 (new): OSPI shall provide technical assistance and annually review data from local education agencies, including the percentage of students receiving special education services, to ensure that there is not a disproportionate identification of students to maintain inclusionary practices.

Section 6 (new): JLARC and the state auditor shall collaborate to prepare a report and conduct a performance audit of the state's system of provide special education services to students with disabilities.

Section 7 (new): Section 2 & 3 takes effect September 1, 2023.

Section 8 (new): Section 4 takes effect July 1, 2025.

Section 9 (new): if funding is not provided for this bill in the omnibus appropriating act, the act is null and void.

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 Cash receipts expected to equal state expenditures.

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 E2SSB 5311 Striker (see state note FN for additional details).

Section 2(2): Using caseload forecast enrollment and maintenance level funding drivers updated as of March 2023, OSPI estimates that the increase to special education multipliers will drive an additional \$29 million through the prototypical

funding special education formula in school year 2023-24. For more details, see attached Table 1.

Section 2(3): Using January 2023 special ed enrollment, OSPI estimates the increase to special education enrollment cap will drive an additional \$19 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached table 1.

Section 3: Using School Year 2021-22 safety net applications, OSPI estimates that lowering the safety net threshold from 2.3 to 2.2 times per pupil will drive approximately \$5.7 million per year beginning with FY25. These expenditures are not increased by inflation and do not take into account additional applications that could have been realized with the lower threshold and were not submitted.

Section 4: Due to the complexity of the special education formula and the age of OSPIs 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 set up the process. 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.

Section 5: OSPI assumes to continue the work currently being funded by proviso in the 2021-23 biennium in technical assistance maintaining inclusionary practices defined in this bill in section 5. To maintain this work, OSPI assumes it will need continued funding of \$5 million per 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	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000
Total \$			40,858,000	80,908,000	121,766,000	242,271,000	311,559,000

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	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	40,858,000	80,908,000	121,766,000	242,271,000	311,559,000

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
Sec 2: SpEd Enrollment CAP	\$ 18,872,000	\$ 35,751,000	\$ 55,243,000	\$ 60,637,000	\$ 76,694,000	\$ 78,228,000
Sec 2: SpEd Multiplier	\$ 28,848,000	\$ 42,587,000	\$ 48,351,000	\$ 67,803,000	\$ 69,159,000	\$ 70,542,000
Sec 3: Safety Net	\$ -	\$ 5,754,000	\$ 5,755,000	\$ 5,755,000	\$ 5,755,000	\$ 5,755,000
Sec 5: Maintaining Inclusionary Practices (IPP)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Total School Year	\$ 52,720,000	\$ 89,092,000	\$ 114,349,000	\$ 139,195,000	\$ 156,608,000	\$ 159,525,000
State Fiscal Year	2024	2025	2026	2027	2028	2029
School District Local	\$ 40,858,000	\$ 80,908,000	\$ 108,666,000	\$ 133,605,000	\$ 152,690,000	\$ 158,869,000
Total Fiscal Year	\$ 40,858,000	\$ 80,908,000	\$ 108,666,000	\$ 133,605,000	\$ 152,690,000	\$ 158,869,000
Biennium	2023-2025		2025-2027		2027-2029	
Total Biennium	\$ 121,766,000		\$ 242,271,000		\$ 311,559,000	