

Multiple Agency Fiscal Note Summary

Bill Number: 5873 S SB	Title: Student transportation
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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		12,834,000		25,668,000		25,668,000
Loc School dist-SPI	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Superintendent of Public Instruction	.0	13,033,000	13,033,000	13,033,000	.0	25,668,000	25,668,000	25,668,000	.0	25,668,000	25,668,000	25,668,000
Superintendent of Public Instruction	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	0.0	13,033,000	13,033,000	13,033,000	0.0	25,668,000	25,668,000	25,668,000	0.0	25,668,000	25,668,000	25,668,000

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			12,834,000			25,668,000			25,668,000
Loc School dist-SPI	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Brian Fechter, OFM	Phone: (360) 688-4225	Date Published: Final 2/23/2024
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Individual State Agency Fiscal Note

Bill Number: 5873 S SB	Title: Student transportation	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	0	13,033,000	13,033,000	25,668,000	25,668,000
Total \$	0	13,033,000	13,033,000	25,668,000	25,668,000

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: Richard Ramsey	Phone: (360)786-7412	Date: 02/06/2024
Agency Preparation: Troy Klein	Phone: (360) 725-6294	Date: 02/23/2024
Agency Approval: Michelle Matakas	Phone: 360 725-6019	Date: 02/23/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 02/23/2024

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.

SSB 5873 changes from SB 5873:

This version of the bill is substantially rewritten from the previous version of the bill.

Section 1 is an intent section of the bill.

Section 2(1) requires that by June 1, 2027, the Office of the Superintendent of Public Instruction (OSPI) must provide the legislature an analysis of school district expenditures and allocations following the 2025-26 school year. Data that must be included in the analysis is: mileage, ridership and costs for each district separated by passenger categories (special transportation services, McKinney-Vento, Foster Care, Skill Centers, and all other students).

Section 2(2)(a) requires that OSPI must use the analysis from Section 2(1) to develop a transparent, predictable, and comprehensive student transportation funding model that addresses the diverse needs of students and the unique characteristics of school districts.

Section 2(2)(b) requires that the new funding model must be inclusive of student transportation services for the disaggregated student categories addressed in the analysis. The new funding model must also include mechanisms to address the unique transportation challenges faced by high population density urban school districts and rural, geographically large districts that have a relatively low number of schools in proportion to the geographic size of the school district.

Section 3 of the bill requires that current reporting requirements are expanded to require school districts to report the number of students requiring special transportation due to requirements of the McKinney Vento Homeless Assistance Act.

Section 4 of the bill requires that in addition to funding provided under the pupil transportation funding model, OSPI must provide additional funds to school districts in the amount of \$400 per-student for students that require special transportation due to the requirements of the McKinney Vento Homeless Assistance Act. Such funds may only be used to address transportation costs associated with such students.

Section 5(2)(a) requires that a school district may only enter into, renew, or extend a pupil transportation services contract with a private nongovernmental entity if that entity provides the following to, or on behalf of, its employees who choose to opt in for coverage:

5(2)(a)(i) an employer health benefits contribution equal to the employer payment dollar amount in effect for the first year of the contract for health care benefit rates (cockle rates), published annually by the Health Care Authority, for the School Employees'

Benefits Board Program (SEBB program) for school employees.

5(2)(a)(ii) an amount equivalent to the salaries of the employees of the private nongovernmental entity multiplied by the employer normal cost contribution rate determined under the entry age cost method for the School Employees' Retirement System, as published in the most recent actuarial valuation report from the Office of the State Actuary for the first year of the contract.

Section 5(2)(b) requires all pupil transportation service contracts entered into or modified after the bill's effective date must include a detailed explanation of any contract cost increase by year, expenditure type, and amount, including any increases in cost that result from providing the required benefits.

Section 5(3)(a) states that "Employees" are defined as in-state employees of the private nongovernmental entity working

sufficient compensated hours performing services pursuant to the contract with the school district to meet the eligibility requirements for the SEBB program if the employees were directly employed by a school district.

Section 6 requires that subject to the availability of amounts appropriated for this purpose, OSPI must provide a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to the new benefit requirements. To be eligible for the supplemental allocations, a school district must report to OSPI regarding the number of contracted employees that worked at least 630 hours performing contract services in the school year prior to entering a contract with the new benefits. Supplemental allocations may only be used as payments under pupil transportation services contracts for employee compensation and may not exceed \$200 per contracted employee per month.

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.

The bill would have no cash receipts impact to OSPI.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The expenditure impact of section 6 of this bill is indeterminate, but OSPI can quantify a number of the costs in the bill.

Section 2 of the bill would require that OSPI contract to collect student transportation expenditure data. OSPI estimates that the work in this section would require 2 contracts for a one-time cost of \$170,000 in FY 2025.

Section 3 of the bill would require that OSPI contract to collect data on students requiring special transportation under the McKinney-Vento Homeless Assistance Act. OSPI estimate that this work would require a one-time contract in FY 2025 for \$29,000.

Section 4 of the bill requires that OSPI provide additional funds for transportation allocations to support students that require special transportation due to the requirements of the McKinney Vento Homeless Assistance Act. OSPI does not have a way of documenting McKinney Vento students transported by alternative transportation costs. The 3-year average of McKinney Vento students reported to OSPI in CEDARS is 32,086, therefore OSPI assumes the maximum amount of funding needed for section 4 would be \$12,834,000 (32,086 students * \$400 per = \$12,834,000). This cost would begin in FY 2025 and be ongoing.

Section 6 of the bill requires that subject to the availability of amounts appropriated, OSPI must provide a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to new benefit requirements. To be eligible for the supplemental allocations, a school district must report to OSPI regarding the number of contracted employees that worked at least 630 hours performing contract services in the school year prior to entering a contract with the new benefits. Supplemental allocations may only be used as payments under pupil transportation services contracts for employee compensation and may not exceed \$200 per contracted employee per month. OSPI assumes that this one-time cost would be in FY 2025, but the cost would be indeterminate based on when contracts end and the actual number of contract employees. For this fiscal note OSPI estimates that the supplemental transportation allocations would be \$6,000,000 in FY 2025 (2,500 employees * 12 months * \$200 per contracted employee).

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	0	13,033,000	13,033,000	25,668,000	25,668,000
Total \$			0	13,033,000	13,033,000	25,668,000	25,668,000

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

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		175,000	175,000		
E-Goods and Other Services		24,000	24,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		12,834,000	12,834,000	25,668,000	25,668,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	13,033,000	13,033,000	25,668,000	25,668,000

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No capital budget impact on OSPI.

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: 5873 S SB	Title: Student transportation	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Local School District-Private/Local NEW-7		12,834,000	12,834,000	25,668,000	25,668,000
Total \$		12,834,000	12,834,000	25,668,000	25,668,000

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

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Local School District-Private/Local NEW-7	0	12,834,000	12,834,000	25,668,000	25,668,000
Total \$	0	12,834,000	12,834,000	25,668,000	25,668,000

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.

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Legislative Contact: Richard Ramsey	Phone: (360)786-7412	Date: 02/06/2024
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OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 02/23/2024

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5(2)(a)(i) an employer health benefits contribution equal to the employer payment dollar amount in effect for the first year of the contract for health care benefit rates (cockle rates), published annually by the Health Care Authority, for the School Employees' Benefits Board Program (SEBB program) for school employees.

5(2)(a)(ii) an amount equivalent to the salaries of the employees of the private nongovernmental entity multiplied by the employer normal cost contribution rate determined under the entry age cost method for the School Employees' Retirement System, as published in the most recent actuarial valuation report from the Office of the State Actuary for the first year of the contract.

Section 5(2)(b) requires all pupil transportation service contracts entered into or modified after the bill's effective date must include a detailed explanation of any contract cost increase by year, expenditure type, and amount, including any increases in cost that result from providing the required benefits.

Section 5(3)(a) states that "Employees" are defined as in-state employees of the private nongovernmental entity working

sufficient compensated hours performing services pursuant to the contract with the school district to meet the eligibility requirements for the SEBB program if the employees were directly employed by a school district.

Section 6 requires that subject to the availability of amounts appropriated for this purpose, OSPI must provide a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to the new benefit requirements. To be eligible for the supplemental allocations, a school district must report to OSPI regarding the number of contracted employees that worked at least 630 hours performing contract services in the school year prior to entering a contract with the new benefits. Supplemental allocations may only be used as payments under pupil transportation services contracts for employee compensation and may not exceed \$200 per contracted employee per month.

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.

The cash receipts impact on school districts is indeterminate.

Section 4 of the bill requires that OSPI provide additional funds for transportation allocations to support students that require special transportation due to the requirements of the McKinney Vento Homeless Assistance Act. The 3-year average of McKinney Vento students reported to OSPI in CEDARS is 32,086, therefore OSPI assumes the maximum amount of cash receipts for section 4 would be \$12,834,000 (32,086 students * \$400 per = \$12,834,000). These cash receipts to school districts would begin in FY 2025 and be ongoing.

Section 6 of the bill requires that subject to the availability of amounts appropriated, OSPI must provide a one-time supplemental transportation allocation to school districts that experience an increase in costs to pupil transportation services contracts due to new benefit requirements. To be eligible for the supplemental allocations, a school district must report to OSPI regarding the number of contracted employees that worked at least 630 hours performing contract services in the school year prior to entering a contract with the new benefits. Supplemental allocations may only be used as payments under pupil transportation services contracts for employee compensation and may not exceed \$200 per contracted employee per month. OSPI assumes that this one-time cash receipt would be in FY 2025, but the amount would be indeterminate based on when contracts end and the actual number of contract employees. For this fiscal note OSPI estimates that the supplemental transportation allocations would be \$6,000,000 in FY 2025 (2,500 employees * 12 months * \$200 per contracted employee).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The expenditure impact on school districts is indeterminate.

Section 4 of the bill requires that OSPI provide additional funds for transportation allocations to support students that require special transportation due to the requirements of the McKinney Vento Homeless Assistance Act. The 3-year average of McKinney Vento students reported to OSPI in CEDARS is 32,086, therefore OSPI assumes the maximum amount of funding needed for section 4 would be \$12,834,000 (32,086 students * \$400 per = \$12,834,000). This expenditure would begin in FY 2025 and be ongoing, and OSPI assumes that any cash receipts received would be fully spent by school districts.

Section 5 of the bill requires that OSPI provide a one-time supplemental allocation to districts that experience an increase in costs due to the increase in a contract with contractors due to RCW 28A.160.140, and requires that for eligibility, a district must report to OSPI the number of employees under a contract that worked at least 630 hours under the contract. This Sections expenditure impact is indeterminate, however OSPI can estimate approximately \$13.5 million for one-time costs in

FY 2025. However, the actual expenditure impact for section 5 will be based on agreements negotiated by districts and their transportation providers.

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	Local School District	Private/Local	0	12,834,000	12,834,000	25,668,000	25,668,000
Total \$			0	12,834,000	12,834,000	25,668,000	25,668,000

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

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
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		12,834,000	12,834,000	25,668,000	25,668,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	12,834,000	12,834,000	25,668,000	25,668,000

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No capital budget impact on school districts.

Part V: New Rule Making Required

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