

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Auditor	0	0	27,000	0	0	54,000	0	0	27,000
Office of Attorney General	0	0	131,000	0	0	24,000	0	0	24,000
Office of Financial Management	0	0	306,000	0	0	0	0	0	0
Washington Technology Solutions	0	0	507,404	0	0	660,946	0	0	660,946
Department of Enterprise Services	0	0	484,400	0	0	968,800	0	0	968,800
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>1,455,804</b>	<b>0</b>	<b>0</b>	<b>1,707,746</b>	<b>0</b>	<b>0</b>	<b>1,680,746</b>

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Auditor	.1	0	0	27,000	.2	0	0	54,000	.1	0	0	27,000
Office of Attorney General	.5	0	0	131,000	.2	0	0	24,000	.2	0	0	24,000
Office of Financial Management	.0	0	0	306,000	.0	0	0	0	.0	0	0	0
Washington Technology Solutions	.7	0	0	507,404	1.0	0	0	660,946	1.0	0	0	660,946
Department of Enterprise Services	2.0	0	0	476,300	4.0	0	0	952,600	4.0	0	0	952,600
Superintendent of Public Instruction	Fiscal note not available											
<b>Total \$</b>	<b>3.3</b>	<b>0</b>	<b>0</b>	<b>1,447,704</b>	<b>5.4</b>	<b>0</b>	<b>0</b>	<b>1,691,546</b>	<b>5.3</b>	<b>0</b>	<b>0</b>	<b>1,664,546</b>

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington Technology Solutions	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	Fiscal note not available								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3073	<b>Date Published:</b> Preliminary 3/11/2025
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# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI	<b>Agency:</b> 095-Office of State Auditor
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Auditing Services Revolving Account-State 483-1	27,000		27,000	54,000	27,000
<b>Total \$</b>	27,000		27,000	54,000	27,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.2	0.0	0.1	0.2	0.1
<b>Account</b>					
Auditing Services Revolving Account-State 483-1	27,000	0	27,000	54,000	27,000
<b>Total \$</b>	27,000	0	27,000	54,000	27,000

### 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:

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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: Ethan Moreno	Phone: 360-786-7386	Date: 02/19/2025
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 03/06/2025
Agency Approval: Charleen Patten	Phone: 564-999-0941	Date: 03/06/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 03/11/2025

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.

This version of house bill 1662 removes the obligation for the state board of education (SBE), Washington professional educator standards board (PESB), Washington state charter school commission (WCSC) and the financial education public-private partnership (FEPPP) to reside in the Office of the Superintendent of Public Instruction (OSPI).

The following sections remain unchanged from the previous version:  
Section 6(b) transfers and credits any appropriations made to OSPI to SBE.  
Section 8(b) transfers and credits any appropriations made to OSPI to PESB.  
Section 10(b) transfers and credits any appropriations made to OSPI to FEPPP.  
Section 12(b) transfers and credits any appropriations made to OSPI to WCSC.  
Section 13 sets an effective July 1, 2026.

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 SAO estimates the work outlined in the bill would take a total of 200 hours per accountability audit every 4 years. Based on the effective date of July 1, 2026, and data available for PESB the audit would start in FY 26. The SBE and FEPPP audits would start in FY 28.

Taking into consideration the WCSC was established as an independent agency under statute RCW 28A.710.070 and is receiving regular audits, there is no change to the costs for the entity and therefore not included.

These entities do not meet the threshold to be included in the Annual Comprehensive Financial Report or Statewide Single Audit billing allocation, therefore only the accountability audits costs are included.

The assumption for audit costs is based on audit work completed when new agencies or programs are created. The cash receipts total uses the current state audit billing rate of \$135 per hour.

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 State Auditor uses an activity-based cost allocation model and overhead is allocated based on actual direct expenses. To reflect this, in addition to the increased direct audit expenses related to the audit and management FTEs, we include an estimated cost to support the additional administrative and overhead expense. Good and Services and Travel costs are based on actual expenses for this level of effort.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
483-1	Auditing Services	State	27,000	0	27,000	54,000	27,000
	Revolving Account						
Total \$			27,000	0	27,000	54,000	27,000

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.2		0.1	0.2	0.1
A-Salaries and Wages	18,365		18,365	36,730	18,365
B-Employee Benefits	6,200		6,200	12,400	6,200
C-Professional Service Contracts					
E-Goods and Other Services	2,185		2,185	4,370	2,185
G-Travel	250		250	500	250
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	27,000	0	27,000	54,000	27,000

### 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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Audit Manager	113,712	0.0		0.0	0.0	0.0
Assistant State Auditor	111,458	0.1		0.1	0.1	0.1
Audit Manager	134,576	0.0		0.0	0.0	0.0
Overhead/Administrative	108,720	0.0		0.0	0.0	0.0
<b>Total FTEs</b>		0.2		0.1	0.2	0.1

### 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

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1	73,000	58,000	131,000	24,000	24,000
<b>Total \$</b>	73,000	58,000	131,000	24,000	24,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.6	0.4	0.5	0.2	0.2
<b>Account</b>					
Legal Services Revolving Account-State 405-1	73,000	58,000	131,000	24,000	24,000
<b>Total \$</b>	73,000	58,000	131,000	24,000	24,000

### 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: Ethan Moreno	Phone: 360-786-7386	Date: 02/19/2025
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 02/24/2025
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 02/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/05/2025

## 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. Legislative findings.

#### Part I – Operational Independence

Section 2: New Section. Requires the Office of Financial Management (OFM) to work with the Office of the Superintendent of Public Instruction (OSPI), the State Board of Education (SBOE), the Washington Professional Educator Standards Board (WPESB), the Financial Education Public-Private Partnership (FEPPP), the Washington State Charter School Commission (WSCSC), and other effected agencies to help each agency to become independent. Provides additional requirements and timelines to effectuate this change. Allows OFM to coordinate with other agencies to implement this section.

#### Part II – Separation of Operational and Administrative Duties

Section 3: New Section. Requires the SBOE, WPESB, FEPPP, and WSCSC to make independent provision for their administrative services by July 1, 2026.

Section 4: Amends RCW 28A.305.130 to remove language that the SBOE will be kept within the OSPI.

Section 5: Amends RCW 28A.300.020 to remove authority for the OSPI over the SBOE.

Section 6: New Section. Requires the transfer of reports, documents, and other material from the OSPI to the SBOE. Provides requirements for the transfer of other assets, appropriations, contracts, and employees. Gives OFM authority to determine the proper allocation of appropriations.

Section 7: Amends RCW 28A.410.200 to remove language that the WPESB will reside within the OSPI. Gives additional delegation authority to the WPESB.

Section 8: New Section. Requires the transfer of reports, documents, and other material from the OSPI to the WPESB. Provides requirements for the transfer of other assets, appropriations, contracts, and employees. Gives OFM authority to determine the proper allocation of appropriations.

Section 9: Amends RCW 28A.300.450 to remove language that the FEPPP will reside within the OSPI. Gives additional delegation authority to the FEPPP.

Section 10: New Section. Requires the transfer of reports, documents, and other material from the OSPI to the FEPPP. Provides requirements for the transfer of other assets, appropriations, contracts, and employees. Gives OFM authority to determine the proper allocation of appropriations.

Section 11: Amends RCW 28A.710.070 to remove language that the WSCSC will reside within the OSPI.

Section 12: New Section. Requires the transfer of reports, documents, and other material from the OSPI to the WSCSC. Provides requirements for the transfer of other assets, appropriations, contracts, and employees. Gives OFM authority to determine the proper allocation of appropriations.

#### Part III – Miscellaneous Provisions

Section 13: New Section. Sections 3 through 12 take effect on July 1, 2026.

**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 agencies are the State Board of Education (SBOE), Washington Professional Educator Standards Board (WPESB), Financial Education Public-Private Partnership (FEPPP), and the Washington State Charter School Commission (WSCSC). 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 agencies’ fiscal note. Appropriation authority is necessary in the AGO budget.

**AGO AGENCY ASSUMPTIONS:**

SBOE will be billed for non-King County rates:  
FY 2026: \$18,000 for 0.1 Assistant Attorney General FTE (AAG) and 0.1 Paralegal 1 FTE (PL1)  
FY 2027: \$11,000 for 0.1 AAG and 0.1 PL1  
FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

WPESB will be billed for non-King County rates:  
FY 2026: \$15,000 for 0.1 AAG and 0.1 PL1  
FY 2027: \$11,000 for 0.1 AAG and 0.1 PL1  
FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

FEPPP will be billed for non-King County rates:  
FY 2026: \$20,000 for 0.1 AAG and 0.1 PL1  
FY 2027: \$18,000 for 0.1 AAG and 0.1 PL1  
FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

WSCSC will be billed for non-King County rates:  
FY 2026: \$20,000 for 0.1 AAG and 0.1 PL1  
FY 2027: \$18,000 for 0.1 AAG and 0.1 PL1  
FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

**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.*

**Attorney General’s Office (AGO) Agency Assumptions:**

Legal services associated with the enactment of this bill will begin on July 1, 2025 (FY 2026).

Location of staffing is assumed to be in a non-King County 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 FTE (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 Paralegal 1 FTE (PL1) and 0.4 MA.

The AGO will bill the State Board of Education (SBOE), the Washington Professional Educator Standards Board (WPESB), the Financial Education Public-Private Partnership (FEPPP), and the Washington State Charter School Commission (WSCSC) for legal services based on the enactment of this bill. The assumptions below include a presumption that there will be coordination of the agencies on certain areas where the planning and implementation involve the same legal issues for each agency. The AGO Education Division (EDU) assumes to provide legal advice relative to the separation of each agency from the Office of Superintendent of Public Instruction (OSPI), the need for that agency to enter into agreements or otherwise identify mechanisms for performing the services currently performed by OSPI, and advice based on individual agency performance of responsibilities currently performed by OSPI.

#### 1. Assumptions for the AGO EDU Legal Services for the SBOE:

FY 2026 estimate of EDU legal services hours are based on the following assumptions: Analysis of final bill to determine impacts on legal obligations and legal advice regarding what administrative services are legally required or necessary to avoid significant legal risks. 90 AAG hours total for all agencies, SBOE includes 20 AAG hours. Legal advice relating to transition from OSPI provided services to alternative service providers, including but not limited to advice relating to contracts, state and federal legal requirements applicable to agencies. Assume each agency will enter into two or three agreements for with external providers for administrative services currently provided by OSPI. 120 AAG hours total for all agencies, SBOE includes 30 AAG hours. Legal advice relating to transition from OSPI provided services to internal agency provided services such as public records requests. 100 AAG hours total for all agencies, SBOE includes 20 AAG hours. Legal advice regarding new policies and procedures to implement new responsibilities such as policies and procedures regarding public records request processing, data security and data breach. Assume each agency will need to adopt 20 through 50 new administrative policies, where they previously relied on OSPI policies. 130 AAG hours total for all agencies, SBOE includes 30 AAG hours.

FY 2027 estimate of EDU legal services hours is based on the following assumptions: Legal advice regarding implementation of changes under the final bill such as implementation of new policies and systems for managing public records requests and procurement. Total for all agencies includes 160 AAG hours, SBOE includes 40 AAG hours. Legal advice to regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests and obligations under federal law. Assume each agency will need additional advice regarding legal compliance where advice was previously centrally provided to and implemented by OSPI. 200 AAG hours total for all agencies, SBOE includes 40 AAG hours.

FY 2028 and in each FY thereafter, EDU will provide legal advice regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests, obligations under federal law. 70 AAG hours total for all agencies, SBOE includes 20 AAG hours.

EDU workload hours for SBOE:

FY 2026: 100 AAG hours

FY 2027: 80 AAG hours

FY 2028 and in each FY thereafter: 20 AAG hours

EDU Legal Services for SBOE: non-King County workload impact:

FY 2026: \$18,000 for 0.1 AAG and 0.1 PL1

FY 2027: \$11,000 for 0.1 AAG and 0.1 PL1

FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

#### 2. Assumptions for the AGO EDU Legal Services for the WPESB:

FY 2026 estimate of EDU legal services hours are based on the following assumptions: Analysis of final bill to determine impacts on legal obligations and legal advice regarding what administrative services are legally required or necessary to avoid significant legal risks. 90 AAG hours total for all agencies, WPESB includes 10 AAG hours. Legal advice relating to transition from OSPI provided services to alternative service providers, including but not limited to advice relating to contracts, state and federal legal requirements applicable to agencies. Assume each agency will enter into two or three agreements for with external providers for administrative services currently provided by OSPI. 120 AAG hours total for all agencies, WPESB includes 30 AAG hours. Legal advice relating to transition from OSPI provided services to internal agency provided services such as public records requests. 100 AAG hours total for all agencies, WPESB includes 20 AAG hours. Legal advice regarding new policies and procedures to implement new responsibilities such as policies and procedures regarding public records request processing, data security and data breach. Assume each agency will need to adopt 20 through 50 new administrative policies, where they previously relied on OSPI policies. 130 AAG hours total for all agencies, WPESB includes 30 AAG hours.

FY 2027 estimate of EDU legal services hours is based on the following assumptions: Legal advice regarding implementation of changes under the final bill such as implementation of new policies and systems for managing public records requests and procurement. Total for all agencies includes 160 AAG hours, WPESB includes 40 AAG hours. Legal advice to regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests and obligations under federal law. Assume each agency will need additional advice regarding legal compliance where advice was previously centrally provided to and implemented by OSPI. 200 AAG hours total for all agencies, WPESB includes 40 AAG hours.

FY 2028 and in each FY thereafter, EDU will provide legal advice regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests, obligations under federal law. 70 AAG hours total for all agencies, WPESB includes 15 AAG hours.

EDU workload hours for WPESB:

FY 2026: 90 AAG hours

FY 2027: 80 AAG hours

FY 2028 and in each FY thereafter: 15 AAG hours

EDU Legal Services for WPESB: non-King County workload impact:

FY 2026: \$15,000 for 0.1 AAG and 0.1 PL1

FY 2027: \$11,000 for 0.1 AAG and 0.1 PL1

FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

### 3. Assumptions for the AGO EDU Legal Services for the FEPPP:

FY 2026 estimate of EDU legal services hours are based on the following assumptions: Analysis of final bill to determine impacts on legal obligations and legal advice regarding what administrative services are legally required or necessary to avoid significant legal risks. 90 AAG hours total for all agencies, FEPPP includes 20 AAG hours. Legal advice relating to transition from OSPI provided services to alternative service providers, including but not limited to advice relating to contracts, state and federal legal requirements applicable to agencies. Assume each agency will enter into two or three agreements for with external providers for administrative services currently provided by OSPI. 120 AAG hours total for all agencies, FEPPP includes 30 AAG hours. Legal advice relating to transition from OSPI provided services to internal agency provided services such as public records requests. 100 AAG hours total for all agencies, FEPPP includes 30 AAG hours. Legal advice regarding new policies and procedures to implement new responsibilities such as policies and procedures regarding public records request processing, data security and data breach. Assume each agency will need to adopt 20 through 50 new administrative policies, where they previously relied on OSPI policies. 130 AAG hours total for all agencies, FEPPP includes 40 hours.

FY 2027 estimate of EDU legal services hours is based on the following assumptions: Legal advice regarding implementation of changes under the final bill such as implementation of new policies and systems for managing public records requests and procurement. Total for all agencies includes 160 AAG hours, FEPPP includes 40 AAG hours. Legal advice to regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests and obligations under federal law. Assume each agency will need additional advice regarding legal compliance where advice was previously centrally provided to and implemented by OSPI. 200 AAG hours total for all agencies, FEPPP includes 60 AAG hours.

FY 2028 and in each FY thereafter, EDU will provide legal advice regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests, obligations under federal law. 70 AAG hours total for all agencies, FEPPP includes 15 AAG hours.

EDU workload hours for FEPPP:

FY 2026: 120 AAG hours

FY 2027: 100 AAG hours

FY 2028 and in each FY thereafter: 15 AAG hours

EDU Legal Services for FEPPP: non-King County workload impact:

FY 2026: \$20,000 for 0.1 AAG and 0.1 PL1

FY 2027: \$18,000 for 0.1 AAG and 0.1 PL1

FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

#### 4. Assumptions for the AGO EDU Division's Legal Services for the WSCSC:

FY 2026 estimate of EDU legal services hours are based on the following assumptions: Analysis of final bill to determine impacts on legal obligations and legal advice regarding what administrative services are legally required or necessary to avoid significant legal risks. 90 AAG hours total for all agencies, WSCSC includes 40 AAG hours. Legal advice relating to transition from OSPI provided services to alternative service providers, including but not limited to advice relating to contracts, state and federal legal requirements applicable to agencies. Assume each agency will enter into two or three agreements for with external providers for administrative services currently provided by OSPI. 120 AAG hours total for all agencies, WSCSC includes 30 AAG hours. Legal advice relating to transition from OSPI provided services to internal agency provided services such as public records requests. 100 AAG hours total for all agencies, WSCSC includes 30 AAG hours. Legal advice regarding new policies and procedures to implement new responsibilities such as policies and procedures regarding public records request processing, data security and data breach. Assume each agency will need to adopt 20 through 50 new administrative policies, where they previously relied on OSPI policies. 130 AAG hours total for all agencies, WSCSC includes 30 AAG hours.

FY 2027 estimate of EDU legal services hours is based on the following assumptions: Legal advice regarding implementation of changes under the final bill such as implementation of new policies and systems for managing public records requests and procurement. Total for all agencies includes 160 AAG hours, WSCSC includes 40 AAG hours. Legal advice to regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests and obligations under federal law. Assume each agency will need additional advice regarding legal compliance where advice was previously centrally provided to and implemented by OSPI. 200 AAG hours total for all agencies, WSCSC includes 60 AAG hours.

FY 2028 and in each FY thereafter, EDU will provide legal advice regarding new ongoing responsibilities transferred to agencies such as legal compliance in the areas of data security, public records requests, obligations under federal law. 70 AAG hours total for all agencies, WSCSC includes 20 AAG hours.

EDU workload hours for WSCSC:

FY 2026: 130 AAG hours

FY 2027: 100 AAG hours  
 FY 2028 and in each FY thereafter: 20 AAG hours

EDU Legal Services for WSCSC: non-King County workload impact:  
 FY 2026: \$20,000 for 0.1 AAG and 0.1 PL1  
 FY 2027: \$18,000 for 0.1 AAG and 0.1 PL1  
 FY 2028 and in each FY thereafter: \$3,000 for 0.1 AAG and 0.1 PL1

EDU Total workload hours:  
 FY 2026: 440 AAG hours and 220 PL1 hours  
 FY 2027: 360 AAG hours and 180 PL1 hours  
 FY 2028 and in each FY thereafter: 70 AAG hours and 35 PL1 hours

EDU Total Legal Services: Total non-King County workload impact:  
 FY 2026: \$73,000 for 0.3 AAG and 0.2 PL1  
 FY 2027: \$58,000 for 0.2 AAG and 0.1 PL1  
 FY 2028 and in each FY thereafter: \$12,000 for 0.1 AAG and 0.1 PL1

5. The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the State Auditor’s Office (SAO) GCE does not anticipate that the passive receipt of information by the SAO to facilitate its auditing duties would result in any increase in legal advice for this client. Therefore, no costs are included in this request.

6. The AGO Revenue Division (REV) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Office of Financial Management (OFM). OFM will assist with the transition of budget appropriations contemplated by this bill. REV does not anticipate OFM needing additional legal services in administering these provisions. Therefore, no costs are included in this request.

7. The AGO Transportation and Public Construction Division (TPC) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services Revolving Account	State	73,000	58,000	131,000	24,000	24,000
<b>Total \$</b>			73,000	58,000	131,000	24,000	24,000

#### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.6	0.4	0.5	0.2	0.2
A-Salaries and Wages	50,000	40,000	90,000	16,000	16,000
B-Employee Benefits	15,000	12,000	27,000	8,000	8,000
E-Goods and Other Services	8,000	6,000	14,000		
<b>Total \$</b>	73,000	58,000	131,000	24,000	24,000

#### 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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912	0.3	0.2	0.3	0.1	0.1
Management Analyst 5	98,040	0.1	0.1	0.1		
Paralegal 1	71,148	0.2	0.1	0.2	0.1	0.1
<b>Total FTEs</b>		0.6	0.4	0.5	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Education Division (EDU)	73,000	58,000	131,000	24,000	24,000
Total \$	73,000	58,000	131,000	24,000	24,000

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

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	306,000		306,000		
<b>Total \$</b>	306,000		306,000		

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
<b>Account</b>					
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	306,000	0	306,000	0	0
<b>Total \$</b>	306,000	0	306,000	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: Ethan Moreno	Phone: 360-786-7386	Date: 02/19/2025
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/24/2025
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/24/2025

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 substitute version of this bill includes language that education entities listed would achieve operational independence, in addition to the administrative independence from the original version of the bill, thus making each its own separate agency. This change altered OFM's fiscal impact assumptions from the previous version.

S HB 1662:

The proposed legislation establishes the Charter School Commission (CSC), Financial Education Public-private Partnership (FEPP), Washington Professional Educator Standard Board (PESB), and the State Board of Education (SBE) as separate agencies, as of July 1, 2026, from the Office of Superintend of Public Instruction (OSPI), where they are currently required to reside.

Section 2 (1) directs OFM, in the fiscal year prior to the separation, to support these new agencies transition to independent administrative services.

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.

OFM distributes statewide costs incurred in fund 472 Statewide Information Tech System M&O Revolving account through the central service model. Assumed state-wide costs incurred in the account would be matched by an increase in the OFM Enterprise Application Fee.

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.

There are some administrative costs when new agencies are created and added to the State Enterprise systems. This impact will require contracted resources to perform the work or backfill existing staff. This work is estimated at a onetime cost of \$76,530 per agency ( x 4 agencies = \$306,120).

Per agency created:

- 60 hours for backfill of an ABAP developer at a contract rate of \$171.00 per hour (60\*\$171=\$10,260)
- 14 hours for backfill of Mainframe developer for AFRS at a contract rate of \$165.00 per hour (14\*\$165=\$2,310)
- 60 hours for backfill of a Senior .NET developer at a contract rate of \$200.00 per hour (60\*\$200=\$12,000)
- 30 hours for backfill of a Report/Database developer at a contract rate of \$140.00 per hour (30\*\$140=\$4,200)
- 48 hours for backfill of a Senior Business Analyst at a contract rate of \$165.00 per hour (48\*\$165=\$7,920)
- 159 hours for backfill of a Senior Systems Analyst at a contract rate of \$160.00 per hour (159\*\$160=\$25,440)
- 90 hours for backfill of IT Quality Assurance Journey at a rate of \$160.00 per hour (90\*\$160=\$14,400)

Work of creating a new agency in the Enterprise Systems:

Configure a new agency in HRMS -

The Human Resource Management System (HRMS) must be configured with all the “company” data such as business area, personnel area, personnel sub-areas and the time management related tables for quotas, absence types, work schedules, wage types, etc. To accomplish the configuration of HRMS there will need to be coordination with the following agencies to establish unique identification numbers and subsequent configuration in HRMS: Internal Revenue Service, Labor and Industries, Department of Retirement Systems, Employment Security Department, Health Care Authority, and

the statewide accounting group in the Office of Financial Management (OFM).

This work is estimated at 122 hours.

- ABAP Application Developer 60 hours
- IT Quality Assurance Journey 40 hours
- Business Analyst Senior 24 hours

Configure a new agency in Statewide accounting systems -

The creation of a new agency in the statewide accounting systems requires the creation and configuration of the Workday foundational data models and establishing the Agency System Security Administrator for the:

The creation of a new agency in the statewide mainframe accounting system requires the creation and configuration of the AFRS data tables and establishing the Agency System Security Administrator for the accounting systems (AFRS, AR), budget systems (BDS, TALS, SPS, CBS), and contracts systems (ECMS, PSCD, SSCD).

This work is estimated at 81 hours

- Mainframe Application Developer Sr. 14 hours
- Business Analyst Sr. 14 hours
- Systems Analyst Sr 45 hours
- IT Quality Assurance Journey 8 hours

The following Statewide accounting and reporting systems will require modification and testing to except and report new agency data after its creation in the mainframe accounting systems AFRS.

- Enterprise Reporting System
- Capital Asset Management System
- Statewide Vendor System
- Accountability
- Disclosure Forms
- Financial Toolbox

This work is estimated at 112 hours.

- .NET Application Developer Senior 35 hours
- Business Analyst Senior 8 hours
- IT Quality Assurance Journey 22 hours
- Report Application Developer Senior. 30 hours
- Systems Analyst Senior 17 hours

If the new agency will use the Travel and Expense Management System, they will need to be created, configured, and trained in the system. Given the complexities of the system, OFM provides extensive training to agencies who use this system.

Based on experience of adding and training users to this system the work is estimated at 147 hours

- NET Application Developer Sr. 25 hours
- Business Analyst Sr. 2 hours
- IT Quality Assurance Journey 20 hours
- Systems Analyst Journey 100 hours

Given that each entity has a distinct structure and transitions at its own pace, all workload assumptions are for the creation of a single agency.

This fiscal note assumes this entity will not require interface with Workday, if necessary to provide this service, OFM



estimates an additional 20-200 hours.

All workload assumptions are for the creation of one agency and do not consider any work that potentially could be done concurrently if multiple agencies are created at the same time.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
472-6	Statewide Information Tech System Maintenance & Operations Revolving Account	Non-Appropriated	306,000	0	306,000	0	0
Total \$			306,000	0	306,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	306,000		306,000		
E-Goods and Other Services					
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 \$	306,000	0	306,000	0	0

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

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI	<b>Agency:</b> 163-Washington Technology Solutions
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Washington Technology Solutions Revolving Account-Non-Appropriated 458-6	54,400	453,004	507,404	660,946	660,946
<b>Total \$</b>	54,400	453,004	507,404	660,946	660,946

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.3	1.0	0.7	1.0	1.0
<b>Account</b>					
Washington Technology Solutions Revolving Account-Non-Appropriated 458-6	54,400	453,004	507,404	660,946	660,946
<b>Total \$</b>	54,400	453,004	507,404	660,946	660,946

### 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: Ethan Moreno	Phone: 360-786-7386	Date: 02/19/2025
Agency Preparation: Nenita Ching	Phone: 360-407-8878	Date: 03/07/2025
Agency Approval: Nenita Ching	Phone: 360-407-8878	Date: 03/07/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/11/2025

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.

Sec 2 – Beginning July 2025, requires the Office of Financial Management (OFM) to coordinate with the Office of the Superintendent of Public Instruction (OSPI), the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Financial Education Public-Private Partnership (FEPPP), and the Washington state Charter School Commission (CSC) to support the transition to operational independence with separate administrative services. Directs OSPI to provide administrative services through the close of the 2025-2026 fiscal year.

Sec 3 – Directs, effective July 1, 2026, SBE, PESB, CSC, FEPPP to operate independently and make provisions for separate administrative services. Authorizes each agency to contract for any or all of their administrative services.

Sec 6 – Directs all reports, documents, surveys, books, records, files, papers or written material in possession of OSPI held on behalf of SBE to be delivered to the custody of SBE. All employees employed by OSPI on behalf of SBE will be transferred to SBE. All contracts executed by OSPI on behalf of SBE will remain in full force and be managed by SBE.

Sec 8 – Directs all reports, documents, surveys, books, records, files, papers or written material in possession of OSPI held on behalf of PESB to be delivered to the custody of PESB. All employees employed by OSPI on behalf of PESB will be transferred to PESB. All contracts executed by OSPI on behalf of PESB will remain in full force and be managed by PESB.

Sec 10 – Directs all reports, documents, surveys, books, records, files, papers or written material in possession of OSPI held on behalf of FEPPP to be delivered to the custody of FEPPP. All employees employed by OSPI on behalf of FEPPP will be transferred to FEPPP. All contracts executed by OSPI on behalf of PESB will remain in full force and be managed by FEPPP.

Sec 12 – Directs all reports, documents, surveys, books, records, files, papers or written material in possession of OSPI held on behalf of CSC to be delivered to the custody of CSC. All employees employed by OSPI on behalf of CSC will be transferred to CSC. All contracts executed by OSPI on behalf of CSC will remain in full force and be managed by CSC.

Sec 13 – Provides an effective date of July 1, 2026.

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.

Small Agency IT Services is funded from the Washington Technology Solutions Revolving Account (458-1). Revenues for Small Agency IT Services are collected from state agencies which receive allocations through the Small Agency IT Services allocation in the Central Services Model (CSM). It is assumed that the allocations in the CSM will be adjusted by the Legislature to ensure WaTech revenues are sufficient to support the required 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.

The bill directs SBE, PESB, CSC, FEPPP to operate independently and make provisions for separate administrative services effective July 1, 2026.

WaTech assumes that SBE, PESB, FEPPP and CSC will use the WaTech Small Agency IT Services for IT support. Use of the service requires agencies to have a connection to the State Government Network (SGN) and be in the Enterprise

Active Directory (EAD) and enterprise state shared M365 tenant. The agency staffing assumptions below are based on current staffing levels:

SBE: 15 FTE, 16 Board Members  
PESB: 30 FTE, 21 Board Members  
CSC: 9 FTE, 11 Commissioners  
FEPPP: 7 FTE, 16 Board Members

These agencies are currently administratively housed within OSPI which has their own M365 tenant. Agencies would need to migrate to WaTech managed M365 shared tenant and EAD if supported by Small Agency IT Services.

WaTech will need the following resources to provide services to the newly established separate agencies:  
One Endpoint Technician (1.0 FTE, 03IT Journey) employed three months in FY 2026, and annually thereafter. Annual expenses related to the FTE include salaries, benefits, training, travel, and agency support.  
Licenses and maintenance support for SBE, PESB, CSC, and FEPPP FTEs. Expenses include \$241,000 for initial purchase of licenses, and \$119,000 annually thereafter for maintenance support.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
458-6	Washington Technology Solutions Revolving Account	Non-Appropriated	54,400	453,004	507,404	660,946	660,946
Total \$			54,400	453,004	507,404	660,946	660,946

#### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.3	1.0	0.7	1.0	1.0
A-Salaries and Wages	23,800	95,100	118,900	190,200	190,200
B-Employee Benefits	7,100	28,500	35,600	57,000	57,000
C-Professional Service Contracts					
E-Goods and Other Services	1,500	242,904	244,404	240,746	240,746
G-Travel	500	500	1,000	1,000	1,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	21,500	86,000	107,500	172,000	172,000
9-					
Total \$	54,400	453,004	507,404	660,946	660,946

#### 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 2026	FY 2027	2025-27	2027-29	2029-31
IT Customer Service Support Journey 03IT	95,112	0.3	1.0	0.7	1.0	1.0
Total FTEs		0.3	1.0	0.7	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

## 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

<b>Bill Number:</b> 1662 S HB	<b>Title:</b> Education agencies/OSPI	<b>Agency:</b> 179-Department of Enterprise Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Enterprise Services Account-State 422-1		484,400	484,400	968,800	968,800
<b>Total \$</b>		484,400	484,400	968,800	968,800

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	4.0	2.0	4.0	4.0
<b>Account</b>					
Enterprise Services Account-State 422-1	0	476,300	476,300	952,600	952,600
<b>Total \$</b>	0	476,300	476,300	952,600	952,600

### 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: Ethan Moreno	Phone: 360-786-7386	Date: 02/19/2025
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 02/24/2025
Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 02/24/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/24/2025

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.

This version differs from the previous version by adding clarifying language to ensure the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Washington State Charter School Commission (CSC), and the Financial Education Public-Private Partnership (FEPPP) will be considered independent state agencies with operational and administrative independence. These changes do not change the fiscal assumptions submitted by the Department of Enterprise Services (DES) previously.

Section 1 states that the legislature finds the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Washington State Charter School Commission (CSC), and the Financial Education Public-Private Partnership (FEPPP) were established as independent agencies and were administratively housed within the Office of the Superintendent of Public Instruction (OSPI). The legislature also finds that these education agencies may be better served by an entity such as small agency services (SAS), under the Department of Enterprise Services (DES).

Section 2 states that beginning in July 2025, the Office of Financial Management (OFM) shall coordinate with OSPI, SBE, PESB, CSC, FEPPP, and other affected agencies to support the transition to independent administrative services, to include SAS.

Section 3 states that effective July 1, 2026, SBE, PESB, CSC, and FEPPP shall make independent provision for their administrative services, which may be contracted out entirely or for any portion of their administrative services.

Section 14 states that funding for this act must be provided by June 30, 2025, or this act is null and void.

DES assumes these education agencies will contract with DES for our small agency finance, human resources, and contract services. The proposed legislation has fiscal impact to DES.

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.

Based on current funded level, DES assumes the SBE will be comprised of 12.4 FTEs with a biennial budget of \$6,542,000, PESB will be comprised of 30.7 FTEs with a biennial budget of \$7,970,000, CSC will be comprised of 11 FTEs with a biennial budget of \$5,212,000, and FEPPP will be comprised of 8.5 FTEs with a biennial budget of \$2,510,000. We also assume that DES will provide these entities with small agency financial, Human Resources (HR), and contract services.

The cost of providing small agency financial and HR services to SBE is estimated at \$107,400 per fiscal year, to PESB is estimated at \$234,100 per fiscal year, to CSC is estimated at \$78,900 per fiscal year, and to FEPPP is estimated at \$64,000 per fiscal year, for a total of \$484,400. The cost of providing small agency contract services would be provided at no cost.

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 Department of Enterprise Services (DES) assumes we will provide a full suite of financial and HR services to SBE, PESB, CSC, and FEPPP.

Two (2) additional FTEs are needed to support this new financial work (Accounts Payable, Accounts Receivable, Payroll



and Budget) and two (2) additional FTEs are needed to provide Human Resources services to SBE, PESB, CSC, and FEPPP.

Small Agency Contract Services can be provided to SBE, PESB, CSC, and FEPPP within current resources.

This analysis is limited to small agency financial, HR and contract services. Should other DES services be required (i.e. office space), additional costs would apply.

If the proposed legislation is enacted, SBE, PESB, CSC, and FEPPP should be added to the Central Service Model (CSM). The amount reflected in the expenditure section (\$476,300) should be added to the small agency finance and HR allocations. \$229,000 should be added to the Small Agency Financial Services allocation and \$247,300 should be added to the Small Agency Human Resources allocation. Please work with the DES Budget Office to obtain updated allocation factors for small agency services to ensure the Commission is added into the model correctly.

In the event that multiple bills are passed that add customers to the DES Small Agency Financial and Human Resources Services, we will re-evaluate our staffing levels for small agency services and may require additional funding through the FY2026 Supplemental Operating budget.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
422-1	Enterprise Services Account	State	0	476,300	476,300	952,600	952,600
Total \$			0	476,300	476,300	952,600	952,600

#### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		4.0	2.0	4.0	4.0
A-Salaries and Wages		325,200	325,200	650,400	650,400
B-Employee Benefits		125,100	125,100	250,200	250,200
C-Professional Service Contracts					
E-Goods and Other Services		26,000	26,000	52,000	52,000
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 \$	0	476,300	476,300	952,600	952,600

#### 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 2026	FY 2027	2025-27	2027-29	2029-31
Fiscal Analyst 2	59,844		1.0	0.5	1.0	1.0
Human Resource Consultant 2	74,724		1.0	0.5	1.0	1.0
Human Resource Consultant 4	95,652		1.0	0.5	1.0	1.0
WMS1	95,000		1.0	0.5	1.0	1.0
Total FTEs			4.0	2.0	4.0	4.0

**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.*