

# Multiple Agency Fiscal Note Summary

|   |   |
|---|---|
| <b>Bill Number:</b> 5263 E 2S SB AMH APP<br>H1992.3 | <b>Title:</b> Special education funding |
|---|---|

## Estimated Cash Receipts

NONE

| Agency Name         | 2025-27   |             | 2027-29   |             | 2029-31   |             |
|---------------------|-----------|-------------|-----------|-------------|-----------|-------------|
|                     | GF- State | Total       | GF- State | Total       | GF- State | Total       |
| Local Gov. Courts   |           |             |           |             |           |             |
| Loc School dist-SPI |           | 245,480,000 |           | 285,054,000 |           | 292,788,000 |
| Local Gov. Other    |           |             |           |             |           |             |
| Local Gov. Total    |           |             |           |             |           |             |

## 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              |
| Department of Children, Youth, and Families | .0         | 15,252,000         | 15,252,000         | 15,252,000         | .0         | 15,686,000         | 15,686,000         | 15,686,000         | .0         | 15,686,000         | 15,686,000         | 15,686,000         |
| Superintendent of Public Instruction        | .8         | 244,752,000        | 245,696,000        | 245,696,000        | .7         | 284,097,000        | 285,242,000        | 285,242,000        | .7         | 291,789,000        | 292,976,000        | 292,976,000        |
| <b>Total \$</b>                             | <b>0.8</b> | <b>260,004,000</b> | <b>260,948,000</b> | <b>260,948,000</b> | <b>0.7</b> | <b>299,783,000</b> | <b>300,928,000</b> | <b>300,928,000</b> | <b>0.7</b> | <b>307,475,000</b> | <b>308,662,000</b> | <b>308,662,000</b> |

| Agency Name         | 2025-27 |          |             | 2027-29 |          |             | 2029-31 |          |             |
|---------------------|---------|----------|-------------|---------|----------|-------------|---------|----------|-------------|
|                     | FTEs    | GF-State | Total       | FTEs    | GF-State | Total       | FTEs    | GF-State | Total       |
| Local Gov. Courts   |         |          |             |         |          |             |         |          |             |
| Loc School dist-SPI |         |          | 245,480,000 |         |          | 285,054,000 |         |          | 292,788,000 |
| Local Gov. Other    |         |          |             |         |          |             |         |          |             |
| Local Gov. Total    |         |          |             |         |          |             |         |          |             |

## Estimated Capital Budget Expenditures

| Agency Name                                 | 2025-27    |          |          | 2027-29    |          |          | 2029-31    |          |          |
|---|------------|----------|----------|------------|----------|----------|------------|----------|----------|
|   | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    |
| Department of Children, Youth, and Families | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Superintendent of Public Instruction        | .0         | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| <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

|  |                                 |   |
|--|---------------------------------|---|
| <b>Prepared by:</b> Shea Hamilton, OFM | <b>Phone:</b><br>(360) 229-4774 | <b>Date Published:</b><br>Final 4/15/2025 |
|--|---------------------------------|---|

# Individual State Agency Fiscal Note

|  |   |   |
|--|---|---|
| <b>Bill Number:</b> 5263 E 2S SB<br>AMH APP<br>H1992.3 | <b>Title:</b> Special education funding | <b>Agency:</b> 307-Department of Children,<br>Youth, and Families |
|--|---|---|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

|                               | FY 2026   | FY 2027   | 2025-27    | 2027-29    | 2029-31    |
|-------------------------------|-----------|-----------|------------|------------|------------|
| <b>Account</b>                |           |           |            |            |            |
| General Fund-State      001-1 | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |
| <b>Total \$</b>               | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |

### 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: 04/08/2025 |
| Agency Preparation: Ashley McEntyre | Phone: 2533064501     | Date: 04/14/2025 |
| Agency Approval: Crystal Lester     | Phone: 360-628-3960   | Date: 04/14/2025 |
| OFM Review: Carly Kujath            | Phone: (360) 790-7909 | Date: 04/14/2025 |

## 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.*

Engrossed Second Substitute Senate Bill 5263 S2.E AMH APP H1992.3 amends RCWs 28A.150.390, 28A.150.392, 43.216.580, and 28A.150.560 to change the special education cost multiplier rate.

Section 2(2)(a) removes the previous version amendment to increase the special education cost multiplier rate from 1.2 to 1.32 for three, four, and five year olds not yet enrolled in kindergarten who are eligible for and receiving special education.

Section 8 removes the previous version which added an effective date of September 1, 2025.

---

Second Substitute Senate Bill 5263 amends RCWs 28A.150.390, 28A.150.392, 43.216.580, and 28A.150.560 to change the special education cost multiplier rate.

Section 2(2)(a) is amended to increase the special education cost multiplier rate from 1.2 to 1.32 for three, four, and five year olds not yet enrolled in kindergarten who are eligible for and receiving special education.

Section 8 is new and adds and effective date of September 1, 2025.

### 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.*

The Department of Children, Youth, and Families estimates \$15,252,000 (\$15,252,000 General Fund State) in the 2025-2027 Biennial Budget.

Section 4(2)(a)

This section of the bill increases the Early Support for Infants and Toddlers (ESIT) program funding rate multiplier from 1.15 to 1.2.

Total costs are \$15,252,000.

CLIENT SERVICE CONTRACTS:

The DCYF ESIT program currently contracts with 24 ESIT provider agencies and 4 county lead agencies with 19 ESIT provider agency subcontracts.

The assumed cost of ESIT contracts is calculated by multiplying the forecasted ESIT caseload, provided by the caseload forecast council, times the Special Education Basic Education Allocation (BEA) rate times the multiplier. Per the February 2025 ESIT Forecast, the ESIT caseload is assumed to be 13,611 in FY26 and 14,102 in FY27. The current SpEd BEA rate

is assumed to be \$10,887 in FY26 and \$11,123 in FY27.

DCYF assumes increasing the ESIT program funding rate multiplier from 1.15 to 1.2 would lead to a 14.78% increase in overall client service contract costs. The assumed cost increase would be \$7,409,000 in FY26 and \$7,843,000 in FY27.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

| Account         | Account Title | Type  | FY 2026   | FY 2027   | 2025-27    | 2027-29    | 2029-31    |
|-----------------|---------------|-------|-----------|-----------|------------|------------|------------|
| 001-1           | General Fund  | State | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |
| <b>Total \$</b> |               |       | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |

#### 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     |           |           |            |            |            |
| E-Goods and Other Services           |           |           |            |            |            |
| G-Travel                             |           |           |            |            |            |
| J-Capital Outlays                    |           |           |            |            |            |
| M-Inter Agency/Fund Transfers        |           |           |            |            |            |
| N-Grants, Benefits & Client Services | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |
| P-Debt Service                       |           |           |            |            |            |
| S-Interagency Reimbursements         |           |           |            |            |            |
| T-Intra-Agency Reimbursements        |           |           |            |            |            |
| 9-                                   |           |           |            |            |            |
| <b>Total \$</b>                      | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |

**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)

| Program              | FY 2026   | FY 2027   | 2025-27    | 2027-29    | 2029-31    |
|----------------------|-----------|-----------|------------|------------|------------|
| Early Learning (030) | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |
| <b>Total \$</b>      | 7,409,000 | 7,843,000 | 15,252,000 | 15,686,000 | 15,686,000 |

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

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

NONE

#### IV. C - Capital Budget Breakout

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

Revised

|  |   |   |
|--|---|---|
| <b>Bill Number:</b> 5263 E 2S SB<br>AMH APP<br>H1992.3 | <b>Title:</b> Special education funding | <b>Agency:</b> 350-Superintendent of Public Instruction |
|--|---|---|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

|   | FY 2026            | FY 2027            | 2025-27            | 2027-29            | 2029-31            |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| FTE Staff Years                             | 0.8                | 0.7                | 0.8                | 0.7                | 0.7                |
| <b>Account</b>                              |                    |                    |                    |                    |                    |
| General Fund-State 001-1                    | 105,766,000        | 138,986,000        | 244,752,000        | 284,097,000        | 291,789,000        |
| WA Opportunity Pathways Account-State 17F-1 | 396,000            | 548,000            | 944,000            | 1,145,000          | 1,187,000          |
| <b>Total \$</b>                             | <b>106,162,000</b> | <b>139,534,000</b> | <b>245,696,000</b> | <b>285,242,000</b> | <b>292,976,000</b> |

### 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: 04/08/2025 |
| Agency Preparation: Melissa Jarmon  | Phone: 360 725-6302   | Date: 04/10/2025 |
| Agency Approval: TJ Kelly           | Phone: 360 725-6301   | Date: 04/10/2025 |
| OFM Review: Shea Hamilton           | Phone: (360) 229-4774 | Date: 04/10/2025 |

## 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 bill:

Section 1: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended excess cost allocation

(a) Reverts back to original value of 1.2 multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten.

(b) Changes multiplier for eligible students in general education setting for 80 percent or more of the school day to 1.186. And 1.09 for eligible students in general education setting for less than 80 percent of the school day.

(3) Amends OSPI's reserve amounts to 0.006

(4) Reverts back to the original base allocation rate to calculate funds; not the state average base allocation rate.

Section 2 Removes the language requiring OSPI to provide technical assistance to school districts with disproportionate data, district required documentation, OPSI implementing follow-up actions and developing and maintaining a statewide online system. Adds OSPI maintains common templates and resources as well as resources within the professional development system that may include grants for pilot and demonstration sites.

Section 3 Establish grants for up to 20 pilot schools to establish school-wide center of excellence for inclusionary practices.

Section 6 NEW

Requires OSPI to provide grants for six demonstration projects to support inclusive teacher practices and student behavior management practices, and to offer best practices training to 16 pilot sites.

Section 7 Clarifies proration of allocation of general apportionment funding allocated to the special education program to 25 percent of the school district's base allocation.

Section 8 Requires OSPI to use information gathered from demonstration projects and technical assistance to develop a strategy and timeline for prohibiting isolation of students in prekindergarten through grade five and to report on the plan by December 1, 2027.

Second Substitute bill:

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended excess cost allocation

(a) Changes the multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten to 1.32.

(b) District's annual average enrollment multiplied by either the district's base allocation per full-time equivalent or the state average, whichever is greater.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(7) Amended

High-need student eligibility for safety net awards to 1.75 times the average per-pupil expenditure.

Substitute bill:

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2)(b) Eligible students receiving special education multiplier is changed to 1.32 regardless of time spent in general education settings.

Removes language that set a 16% enrollment cap for special education students



(3) NEW

OSPI may reserve amounts up to .005 of the funding generated under Section 2 and outlined in Section 5.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(2)(f) strikes the language that the safety net committee shall consider extraordinary costs associated with communities that draw a larger number of families with children in need services to include consideration of proximity to group homes, military bases, and regional hospitals. Language is also struck that safety net awards under subsection (2)(f) shall be adjusted to reflect amounts awarded under subsection (2)(e).

(3) Amended

Adjusts language so that OSPI shall adopt rules and procedures as necessary to administer special education funding and the safety net award process without a deadline.

(6) Amended

Beginning in 2025-26 school year, safety net awards will be distributed to school districts on a quarterly basis if

(a) The award is provided for a high cost student receiving services from an authorized entity located outside the state of Washington

(b) The district applied for and received a safety net award for the high-cost student in prior school year and had no placement changes

(c) The district meets all other award requirements

Section 7 RCW 28A.150.560 and 2023 c 417 s 6:

(2) Amended to add that the proration and allocation of general apportionment funding to the special education program may not be based on an individual district's LRE percentage and instead use a uniform percentage for proration and allocation.

Original Bill:

Section 1 NEW

Emphasizes that students receiving special education are entitled to a free and appropriate education per federal law and state statute. The section also denotes special education as an integral part of the state's statutory program of basic education and the state's paramount constitutional duty.

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended

(a) Changes the multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten from 1.2 to 1.6381.

(b) Amended

Removes language references tiered multipliers for 2020-21 and 2023-24 school years.

General education setting for less than 80 percent of the day was 1.12.

General education setting for less than 80 percent of the day was 1.06.

Eligible students receiving special education multiplier is 1.5289 regardless of time spent in general education settings.

(3) Amended

(b) Removed the section that explains that special education funding is not dependent on the serving districts reporting but rather the resident district numbers. Also, how students from a nonhigh district or attending through an interdistrict agreement should be treated.

(c) Removed the section addressing how the enrollment percentage is calculated and that it does not include Age 3-5 or institutional education enrollment.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(6) Amended

Updated the high-need student eligibility for safety net awards 2 times the average per-pupil expenditures, for school districts with fewer than 1,000 full-time equivalent students and 2.2 times the average per-pupil expenditures for school districts with 1,000 or more full-time equivalent students to 1.5 times the average per-pupil expenditure as defined in Title 20 U.S.C. Sec. 7801 starting in the 2025-26 school year.

Section 4: This act takes effect September 1, 2025

**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.*

This bill:

Section 1 multiplier for students ages three through five year olds are no longer increased. Multiplier for grade K through age 21 for tier 1 to 1.186 and all other tiers to 1.09 is an estimated increase of \$91,595,000 for 2025-26 school year.

Removes the one-time cost for apportionment system re-programing.

(3) the increase from 0.005 to 0.006 for OSPI set aside will assist with activities in sections 6 and 8.

Section 3 is contingent on appropriations so the impact is indeterminate. OSPI is estimating a cost of \$34,000 in FY 2026 for a Program Supervisor to administer grants each year to inclusionary practices pilot schools and \$32,000 in years after.

Second Substitute bill:

Section 2 using multiplier of 1.32 for students ages three through five year olds, for grade K through age 21, as well as grade K though age 21, and removing enrollment cap for 2025-26 is an estimated increase of \$428,888,000.

(2)(b) OSPI used 2023-24 enrollment with estimated Special Education Rate increases to salary, benefits and materials, supplies and operating costs to calculate the rates for each district to future years. Using the greater of state average Special Ed Rate or district Special Ed Rate to calculate an increase of \$33,854,000 for 2025-26 school year.

Section 3 OSPI is using 2023-24 school year Safety Net awards change to 1.75 times to calculate the estimated increase of \$45,231,000 for the 2025-26 school year.

OSPI costs:

A one-time cost of \$12,000 for additional maintenance contractor costs to program the Special Education Average Rate calculations.

Substitute bill:

Section 2 using new multiplier of 1.32 for grade K through age 21 and removing enrollment cap for 2025-26 is an estimated increase of \$481,148,000.

Section 3 will require a change to OSPI rules, OSPI estimates \$21,000 of staff time for the required rule changes in FY26. Additionally, OSPI estimates the change in application process will require an estimated 0.5 staff time, \$67,000 in FY26 and ongoing for approximately \$62,000 per fiscal year.

Section 7 OSPI assumes the proration and allocation of general apportionment funding allocated to the special education program by 30 percent.

Original Bill:

Section 2 OSPI uses caseload forecast enrollment to estimating an increase of \$884,240,000 with the increased multipliers and enrollment cap removal for 2025-26 school year. See attached table for further school year and fiscal year details.

Section 3 OSPI is using 2023-24 school year Safety Net awards to calculate the estimated increase of \$70,382,000 for the 2025-26 school year. OSPI is unable to reasonably estimate any assumed increase to the number of individual student applications that would potentially occur with a lower threshold nor any potential savings to safety net to the state due to the removal of the enrollment CAP or higher multipliers.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title                   | Type  | FY 2026     | FY 2027     | 2025-27     | 2027-29     | 2029-31     |
|-----------------|---------------------------------|-------|-------------|-------------|-------------|-------------|-------------|
| 001-1           | General Fund                    | State | 105,766,000 | 138,986,000 | 244,752,000 | 284,097,000 | 291,789,000 |
| 17F-1           | WA Opportunity Pathways Account | State | 396,000     | 548,000     | 944,000     | 1,145,000   | 1,187,000   |
| <b>Total \$</b> |                                 |       | 106,162,000 | 139,534,000 | 245,696,000 | 285,242,000 | 292,976,000 |

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

|                                      | FY 2026     | FY 2027     | 2025-27     | 2027-29     | 2029-31     |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| FTE Staff Years                      | 0.8         | 0.7         | 0.8         | 0.7         | 0.7         |
| A-Salaries and Wages                 | 66,000      | 55,000      | 121,000     | 110,000     | 110,000     |
| B-Employee Benefits                  | 37,000      | 29,000      | 66,000      | 58,000      | 58,000      |
| C-Professional Service Contracts     |             |             |             |             |             |
| E-Goods and Other Services           | 5,000       | 5,000       | 10,000      | 10,000      | 10,000      |
| G-Travel                             | 5,000       | 5,000       | 10,000      | 10,000      | 10,000      |
| J-Capital Outlays                    | 9,000       |             | 9,000       |             |             |
| M-Inter Agency/Fund Transfers        |             |             |             |             |             |
| N-Grants, Benefits & Client Services | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |
| P-Debt Service                       |             |             |             |             |             |
| S-Interagency Reimbursements         |             |             |             |             |             |
| T-Intra-Agency Reimbursements        |             |             |             |             |             |
| 9-                                   |             |             |             |             |             |
| <b>Total \$</b>                      | 106,162,000 | 139,534,000 | 245,696,000 | 285,242,000 | 292,976,000 |

**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 |
|--|---------|---------|---------|---------|---------|---------|
| Administrative Assistant 3                   | 54,204  | 0.0     |         | 0.0     |         |         |
| Assistant Superintendent                     | 161,385 | 0.0     |         | 0.0     |         |         |
| Executive Assistant - Confidential Secretary | 71,799  | 0.5     | 0.5     | 0.5     | 0.5     | 0.5     |
| Program Supervisor                           | 96,990  | 0.3     | 0.2     | 0.2     | 0.2     | 0.2     |
| Rules Coordinator                            | 111,156 | 0.0     |         | 0.0     |         |         |
| <b>Total FTEs</b>                            |         | 0.8     | 0.7     | 0.8     | 0.7     | 0.7     |

**III. D - Expenditures By Program (optional)**

| Program                           | FY 2026     | FY 2027     | 2025-27     | 2027-29       | 2029-31       |
|-----------------------------------|-------------|-------------|-------------|---------------|---------------|
| State Office Administration (010) | 100,000     | 62,000      | 162,000     | 124,000       | 124,000       |
| Special Education (026)           | 393,680,000 | 520,861,000 | 914,541,000 | 1,074,009,000 | 1,113,939,000 |
| <b>Total \$</b>                   | 393,780,000 | 520,923,000 | 914,703,000 | 1,074,133,000 | 1,114,063,000 |

## 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

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.*

Section 3(6) will require rulemaking changes to accommodate the new quarterly safety net award distribution schedule.

| Special Education E2S SB 5263        |             |                       |                       |                       |                       |                       |                       |
|--------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| School Year                          | 2024-25     | 2025-26               | 2026-27               | 2027-28               | 2028-29               | 2029-30               | 2030-31               |
| PreK Multiplier                      | 1.2000      | 1.2000                | 1.2000                | 1.2000                | 1.2000                | 1.2000                | 1.2000                |
| Tier 1 Multiplier                    | 1.1200      | 1.1860                | 1.1860                | 1.1860                | 1.1860                | 1.1860                | 1.1860                |
| All Other Multiplier                 | 1.0600      | 1.0900                | 1.0900                | 1.0900                | 1.0900                | 1.0900                | 1.0900                |
| Enrollment CAP                       | 16%         | 16%                   | 16%                   | 16%                   | 16%                   | 16%                   | 16%                   |
| Multiplier Increase                  | \$ -        | \$ 91,595,000         | \$ 94,968,000         | \$ 96,880,000         | \$ 98,508,000         | \$ 100,577,000        | \$ 102,689,000        |
| Safety Net                           | \$ -        | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         |
| <b>Total School Year</b>             | <b>\$ -</b> | <b>\$ 136,826,000</b> | <b>\$ 140,199,000</b> | <b>\$ 142,111,000</b> | <b>\$ 143,739,000</b> | <b>\$ 145,808,000</b> | <b>\$ 147,920,000</b> |
| State Fiscal Year                    | 2025        | 2026                  | 2027                  | 2028                  | 2029                  | 2030                  | 2031                  |
| Multiplier Increase                  | \$ -        | \$ 70,986,000         | \$ 94,209,000         | \$ 96,450,000         | \$ 98,142,000         | \$ 100,112,000        | \$ 102,214,000        |
| Safety Net                           | \$ -        | \$ 35,054,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         |
| Rule Making FTE Section 3            | \$ -        | \$ 21,000             | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| 0.5 FTE for Section 5                | \$ -        | \$ 67,000             | \$ 62,000             | \$ 62,000             | \$ 62,000             | \$ 62,000             | \$ 62,000             |
| Program Supervisor 0.2 FTE for Sec 3 | \$ -        | \$ 34,000             | \$ 32,000             | \$ 32,000             | \$ 32,000             | \$ 32,000             | \$ 32,000             |
| <b>Total Fiscal Year</b>             | <b>\$ -</b> | <b>\$ 106,162,000</b> | <b>\$ 139,534,000</b> | <b>\$ 141,775,000</b> | <b>\$ 143,467,000</b> | <b>\$ 145,437,000</b> | <b>\$ 147,539,000</b> |
| Biennium                             | 2023-2025   | 2025-2027             | 2027-2029             | 2029-2031             |                       |                       |                       |
| <b>Total Biennium</b>                | <b>\$ -</b> | <b>\$ 245,696,000</b> | <b>\$ 285,242,000</b> | <b>\$ 292,976,000</b> |                       |                       |                       |

| State Fiscal Year Funding             | 2025        | 2026                  | 2027                  | 2028                  | 2029                  | 2030                  | 2031                  |
|---------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 001-1 GF Total School Dist and Tribal | \$ -        | \$ 105,766,000        | \$ 138,986,000        | \$ 141,207,000        | \$ 142,890,000        | \$ 144,849,000        | \$ 146,940,000        |
| 17F Opp Pathway Charter               | \$ -        | \$ 396,000            | \$ 548,000            | \$ 568,000            | \$ 577,000            | \$ 588,000            | \$ 599,000            |
| <b>Total Fiscal Year</b>              | <b>\$ -</b> | <b>\$ 106,162,000</b> | <b>\$ 139,534,000</b> | <b>\$ 141,775,000</b> | <b>\$ 143,467,000</b> | <b>\$ 145,437,000</b> | <b>\$ 147,539,000</b> |
| Biennium                              | 2023-2025   | 2025-2027             | 2027-2029             | 2029-2031             |                       |                       |                       |
| <b>Total Biennium</b>                 | <b>\$ -</b> | <b>\$ 245,696,000</b> | <b>\$ 285,242,000</b> | <b>\$ 292,976,000</b> |                       |                       |                       |

# Individual State Agency Fiscal Note

Revised

|  |   |   |
|--|---|---|
| <b>Bill Number:</b> 5263 E 2S SB<br>AMH APP<br>H1992.3 | <b>Title:</b> Special education funding | <b>Agency:</b> SDF-School District Fiscal<br>Note - SPI |
|--|---|---|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

| ACCOUNT                                      | FY 2026     | FY 2027     | 2025-27     | 2027-29     | 2029-31     |
|--|-------------|-------------|-------------|-------------|-------------|
| School District Local-Private/Local<br>NEW-7 | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |
| <b>Total \$</b>                              | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |

### Estimated Operating Expenditures from:

| Account                                      | FY 2026     | FY 2027     | 2025-27     | 2027-29     | 2029-31     |
|--|-------------|-------------|-------------|-------------|-------------|
| School District Local-Private/Local<br>NEW-7 | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |
| <b>Total \$</b>                              | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |

### 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: 04/08/2025 |
| Agency Preparation: Melissa Jarmon  | Phone: 360 725-6302   | Date: 04/10/2025 |
| Agency Approval: TJ Kelly           | Phone: (360) 725-6301 | Date: 04/10/2025 |
| OFM Review: Shea Hamilton           | Phone: (360) 229-4774 | Date: 04/10/2025 |

## 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 bill:

Section 1: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended excess cost allocation

(a) Reverts back to original value of 1.2 multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten.

(b) Changes multiplier for eligible students in general education setting for 80 percent or more of the school day to 1.186. And 1.09 for eligible students in general education setting for less than 80 percent of the school day.

(3) Amends OSPI's reserve amounts to 0.006

(4) Reverts back to the original base allocation rate to calculate funds; not the state average base allocation rate.

Section 2 Removes the language requiring OSPI to provide technical assistance to school districts with disproportionate data, district required documentation, OPSI implementing follow-up actions and developing and maintaining a statewide online system. Adds OSPI maintains common templates and resources as well as resources within the professional development system that may include grants for pilot and demonstration sites.

Section 3 Establish grants for up to 20 pilot schools to establish school-wide center of excellence for inclusionary practices.

Section 6 NEW

Requires OSPI to provide grants for six demonstration projects to support inclusive teacher practices and student behavior management practices, and to offer best practices training to 16 pilot sites.

Section 7 Clarifies proration of allocation of general apportionment funding allocated to the special education program to 25 percent of the school district's base allocation.

Section 8 Requires OSPI to use information gathered from demonstration projects and technical assistance to develop a strategy and timeline for prohibiting isolation of students in prekindergarten through grade five and to report on the plan by December 1, 2027.

Second Substitute bill:

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended excess cost allocation

(a) Changes the multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten to 1.32.

(b) District's annual average enrollment multiplied by either the district's base allocation per full-time equivalent or the state average, whichever is greater.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(7) Amended

High-need student eligibility for safety net awards to 1.75 times the average per-pupil expenditure.

Substitute bill:

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended excess cost allocation

(a) Changes the multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten to 1.32.

(b) District's annual average enrollment multiplied by either the district's base allocation per full-time equivalent or the state average, whichever is greater.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(7) Amended

High-need student eligibility for safety net awards to 1.5 times the average per-pupil expenditure.

Substitute bill:

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2)(b) Eligible students receiving special education multiplier is changed to 1.32 regardless of time spent in general education settings.

Removes language that set a 16% enrollment cap for special education students

(3) NEW

OSPI may reserve amounts up to .005 of the funding generated under Section 2 and outlined in Section 5.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(2)(f) strikes the language that the safety net committee shall consider extraordinary costs associated with communities that draw a larger number of families with children in need services to include consideration of proximity to group homes, military bases, and regional hospitals. Language is also struck that safety net awards under subsection (2)(f) shall be adjusted to reflect amounts awarded under subsection (2)(e).

(3) Amended

Adjusts language so that OSPI shall adopt rules and procedures as necessary to administer special education funding and the safety net award process without a deadline.

(6) Amended

Beginning in 2025-26 school year, safety net awards will be distributed to school districts on a quarterly basis if

(a) The award is provided for a high cost student receiving services from an authorized entity located outside the state of Washington

(b) The district applied for and received a safety net award for the high-cost student in prior school year and had no placement changes

(c) The district meets all other award requirements

Section 7 RCW 28A.150.560 and 2023 c 417 s 6:

(2) Amended to add that the proration and allocation of general apportionment funding to the special education program may not be based on an individual district's LRE percentage and instead use a uniform percentage for proration and allocation.

Original Bill:

Section 1 NEW

Emphasizes that students receiving special education are entitled to a free and appropriate education per federal law and state statute. The section also denotes special education as an integral part of the state's statutory program of basic education and the state's paramount constitutional duty.

Section 2: Amends RCW 28A.150.390 and 2024 c 229 s 1

(2) Amended

(a) Changes the multiplier for eligible students ages three, up to five years old not yet enrolled in kindergarten from 1.2 to 1.6381.

(b) Amended

Removes language references tiered multipliers for 2020-21 and 2023-24 school years.

General education setting for less than 80 percent of the day was 1.12.



General education setting for less than 80 percent of the day was 1.06.

Eligible students receiving special education multiplier is 1.5289 regardless of time spent in general education settings.

(3) Amended

(b) Removed the section that explains that special education funding is not dependent on the serving districts reporting but rather the resident district numbers. Also, how students from a nonhigh district or attending through an interdistrict agreement should be treated.

(c) Removed the section addressing how the enrollment percentage is calculated and that it does not include Age 3-5 or institutional education enrollment.

Section 3: Amends RCW 28A.150.392 and 224 c 127 s 2

(6) Amended

Updated the high-need student eligibility for safety net awards 2 times the average per-pupil expenditures, for school districts with fewer than 1,000 full-time equivalent students and 2.2 times the average per-pupil expenditures for school districts with 1,000 or more full-time equivalent students to 1.5 times the average per-pupil expenditure as defined in Title 20 U.S.C. Sec. 7801 starting in the 2025-26 school year.

Section 4: This act takes effect September 1, 2025

**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 revenue equals state expenditures less rule making, application process FTEs and grant administrator.

**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 local education agencies will expend all revenue received in full less rule making, grant administrator and changes in application process. See State note for further details.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title         | Type          | FY 2026     | FY 2027     | 2025-27     | 2027-29     | 2029-31     |
|-----------------|-----------------------|---------------|-------------|-------------|-------------|-------------|-------------|
| NEW-7           | School District Local | Private/Local | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |
| <b>Total \$</b> |                       |               | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |

**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     |             |             |             |             |             |
| E-Goods and Other Services           |             |             |             |             |             |
| G-Travel                             |             |             |             |             |             |
| J-Capital Outlays                    |             |             |             |             |             |
| M-Inter Agency/Fund Transfers        |             |             |             |             |             |
| N-Grants, Benefits & Client Services | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |
| P-Debt Service                       |             |             |             |             |             |
| S-Interagency Reimbursements         |             |             |             |             |             |
| T-Intra-Agency Reimbursements        |             |             |             |             |             |
| 9-                                   |             |             |             |             |             |
| <b>Total \$</b>                      | 106,040,000 | 139,440,000 | 245,480,000 | 285,054,000 | 292,788,000 |

**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

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.*

| Special Education E2S SB 5263 |             |                       |                       |                       |                       |                       |                       |
|-------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| School Year                   | 2024-25     | 2025-26               | 2026-27               | 2027-28               | 2028-29               | 2029-30               | 2030-31               |
| PreK Multiplier               | 1.2000      | 1.2000                | 1.2000                | 1.2000                | 1.2000                | 1.2000                | 1.2000                |
| Tier 1 Multiplier             | 1.1200      | 1.1860                | 1.1860                | 1.1860                | 1.1860                | 1.1860                | 1.1860                |
| All Other Multiplier          | 1.0600      | 1.0900                | 1.0900                | 1.0900                | 1.0900                | 1.0900                | 1.0900                |
| Enrollment CAP                | 16%         | 16%                   | 16%                   | 16%                   | 16%                   | 16%                   | 16%                   |
| Multiplier Increase           | \$ -        | \$ 91,595,000         | \$ 94,968,000         | \$ 96,880,000         | \$ 98,508,000         | \$ 100,577,000        | \$ 102,689,000        |
| Safety Net                    | \$ -        | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         |
| <b>Total School Year</b>      | <b>\$ -</b> | <b>\$ 136,826,000</b> | <b>\$ 140,199,000</b> | <b>\$ 142,111,000</b> | <b>\$ 143,739,000</b> | <b>\$ 145,808,000</b> | <b>\$ 147,920,000</b> |
| State Fiscal Year             | 2025        | 2026                  | 2027                  | 2028                  | 2029                  | 2030                  | 2031                  |
| Multiplier Increase           | \$ -        | \$ 70,986,000         | \$ 94,209,000         | \$ 96,450,000         | \$ 98,142,000         | \$ 100,112,000        | \$ 102,214,000        |
| Safety Net                    | \$ -        | \$ 35,054,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         | \$ 45,231,000         |
| <b>Total Fiscal Year</b>      | <b>\$ -</b> | <b>\$ 106,040,000</b> | <b>\$ 139,440,000</b> | <b>\$ 141,681,000</b> | <b>\$ 143,373,000</b> | <b>\$ 145,343,000</b> | <b>\$ 147,445,000</b> |
| Biennium                      | 2023-2025   | 2025-2027             |                       | 2027-2029             |                       | 2029-2031             |                       |
| <b>Total Biennium</b>         | <b>\$ -</b> | <b>\$ 245,480,000</b> |                       | <b>\$ 285,054,000</b> |                       | <b>\$ 292,788,000</b> |                       |

| State Fiscal Year Funding             | 2025        | 2026                  | 2027                  | 2028                  | 2029                  | 2030                  | 2031                  |
|---------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 001-1 GF Total School Dist and Tribal | \$ -        | \$ 105,644,000        | \$ 138,892,000        | \$ 141,113,000        | \$ 142,796,000        | \$ 144,755,000        | \$ 146,846,000        |
| 17F Opp Pathway Charter               | \$ -        | \$ 396,000            | \$ 548,000            | \$ 568,000            | \$ 577,000            | \$ 588,000            | \$ 599,000            |
| <b>Total Fiscal Year</b>              | <b>\$ -</b> | <b>\$ 106,040,000</b> | <b>\$ 139,440,000</b> | <b>\$ 141,681,000</b> | <b>\$ 143,373,000</b> | <b>\$ 145,343,000</b> | <b>\$ 147,445,000</b> |
| Biennium                              | 2023-2025   | 2025-2027             |                       | 2027-2029             |                       | 2029-2031             |                       |
| <b>Total Biennium</b>                 | <b>\$ -</b> | <b>\$ 245,480,000</b> |                       | <b>\$ 285,054,000</b> |                       | <b>\$ 292,788,000</b> |                       |