

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1436 HB	<b>Title:</b> Special education funding
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		794,311,000		1,124,419,000		1,342,639,000
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Superintendent of Public Instruction	.0	794,980,000	803,009,000	803,009,000	.0	1,122,877,000	1,134,219,000	1,134,219,000	.0	1,338,915,000	1,352,439,000	1,352,439,000
<b>Total \$</b>	<b>0.0</b>	<b>794,980,000</b>	<b>803,009,000</b>	<b>803,009,000</b>	<b>0.0</b>	<b>1,122,877,000</b>	<b>1,134,219,000</b>	<b>1,134,219,000</b>	<b>0.0</b>	<b>1,338,915,000</b>	<b>1,352,439,000</b>	<b>1,352,439,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI			794,311,000			1,124,419,000			1,342,639,000
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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

NONE

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3973	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1436 HB	<b>Title:</b> Special education funding	<b>Agency:</b> 350-Superintendent of Public Instruction
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
General Fund-State 001-1	352,787,000	442,193,000	794,980,000	1,122,877,000	1,338,915,000
WA Opportunity Pathways Account-State 17F-1	3,563,000	4,466,000	8,029,000	11,342,000	13,524,000
<b>Total \$</b>	356,350,000	446,659,000	803,009,000	1,134,219,000	1,352,439,000

### 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: 01/19/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 01/24/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 01/24/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/25/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1: This bill works to fully fund special education as a part of basic education by removing the 13.5 percent enrollment cap, increasing the special education multipliers, and providing an excess cost for high needs students.

Section 2: changes the special education funding multipliers for PreK, Tier 1, and all other special education students.

Section 3: removes exclusionary language.

Section 4: adds language to allow districts to apply for excess special education costs when expenditures exceed that of the special education allocation, not to exceed that of the prior year expenditures.

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

### II. B - Cash receipts Impact

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

none.

### II. C - Expenditures

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

Section 1: Based on the December 2022 Special Education apportionment funding CAP deduction, OSPI assumes removing the 13.5% funding enrollment CAP will increase special education caseload forecast enrollment by 5%. This would increase funding to districts by approximately \$86M in SY 2023-24. For further details, see attached Table 1.

Section 2: Using caseload forecast enrollment, OSPI estimates that the increase to special education multipliers will drive an additional \$227 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached Table 1.

Section 4: Calculations are based on school district expenditures from school year 2021-22. These expenditures are not increased by inflation. OSPI assumes the cost of this section \$141.5 million in school year 2023-24.

Section 5: OSPI assumes to continue the work currently being funded by proviso in the 2021-23 biennium in technical assistance maintaining inclusionary practices defined in this bill in section 5. To maintain this work, OSPI assumes it will need continued funding of \$5 million per year.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	352,787,000	442,193,000	794,980,000	1,122,877,000	1,338,915,000
17F-1	WA Opportunity Pathways Account	State	3,563,000	4,466,000	8,029,000	11,342,000	13,524,000
<b>Total \$</b>			356,350,000	446,659,000	803,009,000	1,134,219,000	1,352,439,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	60,000	60,000	120,000	120,000	120,000
B-Employee Benefits	22,000	22,000	44,000	44,000	44,000
C-Professional Service Contracts	4,782,000	4,782,000	9,564,000	9,564,000	9,564,000
E-Goods and Other Services	36,000	36,000	72,000	72,000	72,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	351,450,000	441,759,000	793,209,000	1,124,419,000	1,342,639,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>356,350,000</b>	<b>446,659,000</b>	<b>803,009,000</b>	<b>1,134,219,000</b>	<b>1,352,439,000</b>

**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.*

<b>Table 1: HB 1436 - By School Year</b>						
<b>School Year</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
Sec 1: Removing 13.5% enrollment CAP	\$ 86,337,000	\$ 64,981,000	\$ 136,061,000	\$ 214,311,000	\$ 218,597,000	\$ 350,372,000
Sec 2: Increasing Special Ed Multipliers	\$ 227,011,000	\$ 258,885,000	\$ 307,866,000	\$ 359,344,000	\$ 366,531,000	\$ 373,862,000
Sec 4: Excess Cost Mechanism	\$ 141,459,000	\$ 113,976,000	\$ 87,576,000	\$ 64,025,000	\$ 52,552,000	\$ -
Sec 5: Maintaining Inclusionary Practices (IPP)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
<b>Total School Year</b>	<b>\$ 459,807,000</b>	<b>\$ 442,842,000</b>	<b>\$ 536,503,000</b>	<b>\$ 642,680,000</b>	<b>\$ 642,680,000</b>	<b>\$ 729,234,000</b>
<b>State School Year By Fund</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
GFS-001 - District & Tribal	\$ 455,209,000	\$ 438,414,000	\$ 531,138,000	\$ 636,253,000	\$ 636,253,000	\$ 721,942,000
GFS-17F - Charters	\$ 4,598,000	\$ 4,428,000	\$ 5,365,000	\$ 6,427,000	\$ 6,427,000	\$ 7,292,000
<b>Total</b>	<b>\$ 459,807,000</b>	<b>\$ 442,842,000</b>	<b>\$ 536,503,000</b>	<b>\$ 642,680,000</b>	<b>\$ 642,680,000</b>	<b>\$ 729,234,000</b>

<b>Table 2: HB 1436 Total Fiscal Impacts - By Fiscal Year</b>						
<b>State Fiscal Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
GFS-001 - District & Tribal	\$ 352,787,000	\$ 442,193,000	\$ 510,275,000	\$ 612,602,000	\$ 636,253,000	\$ 702,662,000
GFS-17F - Charters	\$ 3,563,000	\$ 4,466,000	\$ 5,154,000	\$ 6,188,000	\$ 6,427,000	\$ 7,097,000
<b>Total</b>	<b>\$ 356,350,000</b>	<b>\$ 446,659,000</b>	<b>\$ 515,429,000</b>	<b>\$ 618,790,000</b>	<b>\$ 642,680,000</b>	<b>\$ 709,759,000</b>
<b>Biennium</b>	<b>2023-2025</b>		<b>2025-2027</b>		<b>2027-2029</b>	
GFS-001 - District & Tribal	\$ 794,980,000		\$ 1,122,877,000		\$ 1,338,915,000	
GFS-17F - Charters	\$ 8,029,000		\$ 11,342,000		\$ 13,524,000	
<b>Total</b>	<b>\$ 803,009,000</b>		<b>\$ 1,134,219,000</b>		<b>\$ 1,352,439,000</b>	

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1436 HB	<b>Title:</b> Special education funding	<b>Agency:</b> SDF-School District Fiscal Note - SPI
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000
<b>Total \$</b>	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000

### Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
school district local-Private/Local new-7	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000
<b>Total \$</b>	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000

### 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: 01/19/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 01/24/2023
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 01/24/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/25/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1: This bill works to fully fund special education as a part of basic education by removing the 13.5 percent enrollment cap, increasing the special education multipliers, and providing an excess cost for high needs students.

Section 2: changes the special education funding multipliers for PreK, Tier 1, and all other special education students.

Section 3: removes exclusionary language.

Section 4: adds language to allow districts to apply for excess special education costs when expenditures exceed that of the special education allocation, not to exceed that of the prior year expenditures.

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

### 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.*

School district revenue is expected to equal state expenditures less administrative and contracting costs for IPP (see state note on HB 1436 for further details).

### II. C - Expenditures

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

OSPI assumes that districts will expend all revenue received from the state for HB 1436 (see state note FN for additional details).

Section 1: Based on the December 2022 Special Education apportionment funding CAP deduction, OSPI assumes removing the 13.5% funding enrollment CAP will increase special education caseload forecast enrollment by 5%. This would increase funding to districts by approximately \$86M in SY 2023-24. For further details, see attached Table 1.

Section 2: Using caseload forecast enrollment, OSPI estimates that the increase to special education multipliers will drive an additional \$227 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached Table 1.

Section 4: Calculations are based on school district expenditures from school year 2021-22. These expenditures are not increased by inflation. OSPI assumes the cost of this section \$141.5 million in school year 2023-24.

Section 5: OSPI assumes to continue the work currently being funded by proviso in the 2021-23 biennium in technical assistance maintaining inclusionary practices defined in this bill in section 5. To maintain this work, OSPI assumes this will continue to add 100K per year to local districts as currently funded.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
new-7	school district local	Private/Local	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000
<b>Total \$</b>			352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	352,552,000	441,759,000	794,311,000	1,124,419,000	1,342,639,000

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

NONE

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

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

### IV. C - Capital Budget Breakout

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

Table 1: HB 1436 - By School Year						
School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Sec 1: Removing 13.5% enrollment CAP	\$ 86,337,000	\$ 64,981,000	\$ 136,061,000	\$ 214,311,000	\$ 218,597,000	\$ 350,372,000
Sec 2: Increasing Special Ed Multipliers	\$ 227,011,000	\$ 258,885,000	\$ 307,866,000	\$ 359,344,000	\$ 366,531,000	\$ 373,862,000
Sec 4: Excess Cost Mechanism	\$ 141,459,000	\$ 113,976,000	\$ 87,576,000	\$ 64,025,000	\$ 52,552,000	\$ -
Sec 5: Maintaining Inclusionary Practices (IPP)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Total School Year</b>	<b>\$ 454,907,000</b>	<b>\$ 437,942,000</b>	<b>\$ 531,603,000</b>	<b>\$ 637,780,000</b>	<b>\$ 637,780,000</b>	<b>\$ 724,334,000</b>
State School Year By Fund	2024	2025	2026	2027	2028	2029
GFS-001 - District & Tribal	\$ 450,358,000	\$ 433,563,000	\$ 526,287,000	\$ 631,402,000	\$ 631,402,000	\$ 717,091,000
GFS-17F - Charters	\$ 4,549,000	\$ 4,379,000	\$ 5,316,000	\$ 6,378,000	\$ 6,378,000	\$ 7,243,000
<b>Total</b>	<b>\$ 454,907,000</b>	<b>\$ 437,942,000</b>	<b>\$ 531,603,000</b>	<b>\$ 637,780,000</b>	<b>\$ 637,780,000</b>	<b>\$ 724,334,000</b>

Table 2: HB 1436 Total Fiscal Impacts - By Fiscal Year						
State Fiscal Year	2024	2025	2026	2027	2028	2029
GFS-001 - District & Tribal	\$ 349,027,000	\$ 437,342,000	\$ 505,424,000	\$ 607,751,000	\$ 631,402,000	\$ 697,811,000
GFS-17F - Charters	\$ 3,525,000	\$ 4,417,000	\$ 5,105,000	\$ 6,139,000	\$ 6,378,000	\$ 7,048,000
<b>Total</b>	<b>\$ 352,552,000</b>	<b>\$ 441,759,000</b>	<b>\$ 510,529,000</b>	<b>\$ 613,890,000</b>	<b>\$ 637,780,000</b>	<b>\$ 704,859,000</b>
Biennium	2023-2025		2025-2027		2027-2029	
GFS-001 - District & Tribal	\$ 786,369,000		\$ 1,113,175,000		\$ 1,329,213,000	
GFS-17F - Charters	\$ 7,942,000		\$ 11,244,000		\$ 13,426,000	
<b>Total</b>	<b>\$ 794,311,000</b>		<b>\$ 1,124,419,000</b>		<b>\$ 1,342,639,000</b>	