

# Multiple Agency Fiscal Note Summary

|                                 |   |
|---------------------------------|---|
| <b>Bill Number:</b> 1436 E S HB | <b>Title:</b> Special education funding |
|---------------------------------|---|

## 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 | Fiscal note not available |       |           |       |           |       |
| Local Gov. Other    |                           |       |           |       |           |       |
| Local Gov. Total    |                           |       |           |       |           |       |

## Estimated Operating Expenditures

| Agency Name                                  | 2023-25                   |          |             |                  | 2025-27    |          |             |          | 2027-29    |          |             |          |
|--|---------------------------|----------|-------------|------------------|------------|----------|-------------|----------|------------|----------|-------------|----------|
|  | FTEs                      | GF-State | NGF-Outlook | Total            | FTEs       | GF-State | NGF-Outlook | Total    | FTEs       | GF-State | NGF-Outlook | Total    |
| Joint Legislative Audit and Review Committee | Fiscal note not available |          |             |                  |            |          |             |          |            |          |             |          |
| Office of State Auditor                      | 1.8                       | 0        | 0           | 1,522,880        | .0         | 0        | 0           | 0        | .0         | 0        | 0           | 0        |
| Superintendent of Public Instruction         | Fiscal note not available |          |             |                  |            |          |             |          |            |          |             |          |
| <b>Total \$</b>                              | <b>1.8</b>                | <b>0</b> | <b>0</b>    | <b>1,522,880</b> | <b>0.0</b> | <b>0</b> | <b>0</b>    | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b>    | <b>0</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 | Fiscal note not available |          |       |         |          |       |         |          |       |
| Local Gov. Other    |                           |          |       |         |          |       |         |          |       |
| Local Gov. Total    |                           |          |       |         |          |       |         |          |       |

## Estimated Capital Budget Expenditures

| Agency Name                                  | 2023-25                   |          |          | 2025-27    |          |          | 2027-29    |          |          |
|--|---------------------------|----------|----------|------------|----------|----------|------------|----------|----------|
|  | FTEs                      | Bonds    | Total    | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    |
| Joint Legislative Audit and Review Committee | Fiscal note not available |          |          |            |          |          |            |          |          |
| Office of State Auditor                      | .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> |

| 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 | Fiscal note not available |          |       |         |          |       |         |          |       |
| Local Gov. Other    |                           |          |       |         |          |       |         |          |       |
| Local Gov. Total    |                           |          |       |         |          |       |         |          |       |

## Estimated Capital Budget Breakout

NONE

|                                    |                                 |   |
|------------------------------------|---------------------------------|---|
| <b>Prepared by:</b> Val Terre, OFM | <b>Phone:</b><br>(360) 280-3973 | <b>Date Published:</b><br>Preliminary 3/ 8/2023 |
|------------------------------------|---------------------------------|---|

# Individual State Agency Fiscal Note

|                                 |   |  |
|---------------------------------|---|--|
| <b>Bill Number:</b> 1436 E S HB | <b>Title:</b> Special education funding | <b>Agency:</b> 095-Office of State Auditor |
|---------------------------------|---|--|

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

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

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

|                                       |                       |                  |
|---------------------------------------|-----------------------|------------------|
| Legislative Contact: Alex Fairfortune | Phone: 360-786-7416   | Date: 03/03/2023 |
| Agency Preparation: Charleen Patten   | Phone: 564-999-0941   | Date: 03/07/2023 |
| Agency Approval: Janel Roper          | Phone: 564-999-0820   | Date: 03/07/2023 |
| OFM Review: Amy Hatfield              | Phone: (360) 280-7584 | Date: 03/08/2023 |

## 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 3(5) requires the State Auditor's Office (SAO) staff to serve as nonvoting members of the safety net oversight committee.

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

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

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

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

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

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

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

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

### II. B - Cash receipts Impact

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

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

### II. C - Expenditures

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

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

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

factored on top of the contract estimate for SAO contract oversight. The work for this section of the legislation is estimated to be performed 70% during Fiscal Year 2024 and the remainder in Fiscal Year 2025.

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

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

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

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

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

|                                      | FY 2024   | FY 2025 | 2023-25   | 2025-27 | 2027-29 |
|--------------------------------------|-----------|---------|-----------|---------|---------|
| FTE Staff Years                      | 3.3       | 0.3     | 1.8       |         |         |
| A-Salaries and Wages                 | 311,075   | 35,640  | 346,715   |         |         |
| B-Employee Benefits                  | 100,975   | 13,190  | 114,165   |         |         |
| C-Professional Service Contracts     | 700,000   | 300,000 | 1,000,000 |         |         |
| E-Goods and Other Services           | 56,000    | 6,000   | 62,000    |         |         |
| G-Travel                             |           |         |           |         |         |
| J-Capital Outlays                    |           |         |           |         |         |
| M-Inter Agency/Fund Transfers        |           |         |           |         |         |
| N-Grants, Benefits & Client Services |           |         |           |         |         |
| P-Debt Service                       |           |         |           |         |         |
| S-Interagency Reimbursements         |           |         |           |         |         |
| T-Intra-Agency Reimbursements        |           |         |           |         |         |
| 9-                                   |           |         |           |         |         |
| <b>Total \$</b>                      | 1,168,050 | 354,830 | 1,522,880 | 0       | 0       |

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

| Job Classification          | Salary  | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| Management/Oversight        | 72,000  | 1.2     | 0.3     | 0.8     |         |         |
| Performance Audit Principal | 129,000 | 0.1     |         | 0.1     |         |         |
| Performance Audit Senior    | 116,184 | 0.7     |         | 0.4     |         |         |
| Performance Auditor         | 101,052 | 1.3     |         | 0.7     |         |         |
| <b>Total FTEs</b>           |         | 3.3     | 0.3     | 1.8     |         | 0.0     |

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

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

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

NONE

**IV. C - Capital Budget Breakout**

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

NONE

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

NONE

**Part V: New Rule Making Required**

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