

Multiple Agency Fiscal Note Summary

Bill Number: 1436 E S HB	Title: 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	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	3.2	0	0	1,502,600	.0	0	0	0	.0	0	0	0
Office of State Auditor	1.8	0	0	1,522,880	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	.2	176,293,000	177,230,000	177,230,000	.0	250,408,000	251,747,000	251,747,000	.2	299,512,000	301,127,000	301,127,000
Total \$	5.2	176,293,000	177,230,000	180,255,480	0.0	250,408,000	251,747,000	251,747,000	0.2	299,512,000	301,127,000	301,127,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	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	.0	0	0	.0	0	0	.0	0	0
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	Fiscal note not available								
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Preliminary 3/14/2023
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Individual State Agency Fiscal Note

Bill Number: 1436 E S HB	Title: Special education funding	Agency: 014-Joint Legislative Audit and Review Committee
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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
FTE Staff Years	4.5	1.9	3.2	0.0	0.0
Account					
Performance Audits of Government Account-State 553-1	1,171,100	331,500	1,502,600	0	0
Total \$	1,171,100	331,500	1,502,600	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: Ryan McCord	Phone: 360-786-5186	Date: 03/08/2023
Agency Approval: Eric Thomas	Phone: 360 786-5182	Date: 03/08/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/09/2023

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.

JLARC STUDY

SECTION 6 requires JLARC and the State Auditor's Office to conduct a performance audit of the state's system of providing special education services to students with disabilities. JLARC and SAO are required to evaluate:

- The prevalence of disabilities and whether the provisions and funding for evaluating students and providing services reflects the prevalence of disabilities, including whether any populations are disparately underevaluated or underserved ((1)(a));
- The degree to which changes in special education funding formulas intended to encourage increased inclusion are successful and whether the state and school districts are utilizing best practices to improve inclusion ((1)(b));
- Whether the changes in evaluation timelines or increases in the funded enrollment limit have resulted in funding for students who do not have disabilities or in excess of districts' costs to serve students with disabilities ((1)(c));
- Whether districts are appropriately accounting for and reporting use of basic education allocations for students with disabilities, including if statutory expectations for use of funds are being met ((1)(d));
- The sources of funding school districts use to serve students with disabilities and the impact of changes in funding following the multiplier increases and phase out of the funded enrollment limit ((1)(e));
- How the state may improve recruitment and retention of certificated educators, instructional aides, or paraeducators and professionals serving students with disabilities ((1)(f)).

JLARC and SAO must consult with special education stakeholders. JLARC and SAO are permitted to contract with third-parties to perform the work. JLARC and SAO must designate which organization will lead which elements of the performance audit prior by December 31, 2023.

JLARC and SAO must report on the findings of the performance audit to the governor and committees with jurisdiction over special education and fiscal matters by November 30, 2024.

The adopted floor amendment made three substantive changes to Section 6 by:

- Permitting JLARC and SAO to conduct the audit by sampling school districts.
- Removing language requiring JLARC and SAO to include state-tribal compact schools in the audit to the same extent as school districts.
- Requiring OFM and state education authorities to provide education records to JLARC and SAO within four months of a request, for the purposes of the audit.

The adopted floor amendment made no changes to other sections of the bill.

OTHER SECTIONS

SECTION 1 contains legislative findings.

SECTION 2 increases the special education funding multipliers and the funded enrollment limit for K through 12 students. The multiplier increases are phased in over four years starting in the 2023-2024 school year. The funded enrollment limit increases from 13.5 percent in the current school year, to 15 percent in the 2026-2027 school year, and then phases out entirely in the 2027-2028 school year and beyond.

SECTION 3 reduces the threshold for high-need individuals to access the special education safety net from 2.3 to 2.2 times the average per-pupil expenditure.

SECTION 4 requires the Office of the Superintendent of Public Instruction to change accounting methods to shift certain portions of school districts' general apportionment revenue for special education students to the districts' special education programs. This section states that the legislature must review any findings from the JLARC/SAO study to adjust accounting methods in this section.

SECTION 5 requires OSPI to review data for disproportionate identification of students and assist school districts to support inclusionary teaching 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.

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.

DIVIDING WORK WITH STATE AUDITOR'S OFFICE

Based on discussions with the State Auditor's Office, JLARC staff have determined that SAO would address subparts (1) (a) and (1)(f) of Section 6. SAO's fiscal note will identify the fiscal impact of those subparts. JLARC staff would address subparts (1)(b) through (1)(e) of Section 6. The estimated expenditures in this fiscal note reflect those subparts only.

OBTAINING REQUIRED DATA

To complete this performance audit, JLARC staff would require data from state and local agencies with custody of education and disability records. Following passage of the bill, JLARC staff would contact the Office of Financial Management's Education Research & Data Center (ERDC), the Superintendent of Public Instruction, and other state and local entities to request records of students evaluated for a disability and served in special education programs. Due to Federal Education Records Privacy Act constraints, JLARC staff may need to negotiate with multiple state and local agencies individually to obtain the data needed to complete this performance audit.

JLARC staff will also need to collect and analyze detailed financial records from individual school districts and the Office of Superintendent of Public Instruction. Given the statutory due date of this performance audit, it would not be possible to audit all school districts in the state. JLARC staff anticipate developing a method to select a representative sample of districts to interview and collect detailed records from so that we can answer the study questions.

ADDRESSING (1)(b) THROUGH (1)(e)

To address (1)(b), Depending on data availability, JLARC staff will develop methods to compare special education inclusion metrics over time and between districts. JLARC staff may also conduct a literature review of best practices related to increasing inclusion of special education students in general education settings.

To address (1)(c), after required data is obtained, JLARC staff would seek to identify trends in student disability evaluations. JLARC staff would seek to compare the rates at which students were evaluated and determined to have a qualifying disability prior to and after changes in the special education funding formula and increases in the funded special education enrollment limit. JLARC staff would also conduct interviews with districts to understand how special education resources are used. This portion of the study will likely require consulting expertise to help determine the extent to which districts receive and spend their funding for students without disabilities.

To address (1)(d) and (1)(e), JLARC staff would select a representative sample of districts to interview and collect and

analyze financial statements and other financial documentation. JLARC staff would then seek to estimate the impact of policy changes such as changes in accounting methodologies and the elimination of the enrollment funding limit. JLARC staff will likely need to contract for financial accounting expertise to review school districts' special education program cost accounting.

JLARC staff would communicate the results of subparts (1)(b) through (1)(e) in a single report. JLARC staff would work with SAO to present the results of our respective studies to the Legislature by the statutory due date.

JLARC estimates its costs to be divided between a) JLARC staff costs, and b) the costs associated with engaging external experts to assist JLARC staff in completing its assignment.

a) JLARC estimates its costs based on audit months (approximately \$22,100 per audit month). JLARC estimates it will take 51 audit months to complete the assignment required by this bill.

b) Consultant Costs: JLARC anticipates engaging consultant(s) to provide expertise in special education funding, inclusionary practices, and/or evaluations for special education services during the course of our work. We estimate consultant costs of \$375,000.

JLARC assumes comparable consultant efforts and costs made available for previous studies, and estimated costs reflect JLARC's recent experience in contracting with external entities for similar work.

JLARC ASSUMES THAT THE ASSIGNMENT IN THIS PROPOSED BILL MAY REQUIRE ADDITIONAL RESOURCES. JLARC WILL ASSESS ALL OF THE ASSIGNMENTS MANDATED IN THE 2023 LEGISLATIVE SESSION. BASED ON ALL LEGISLATION THAT IS PASSED, JLARC MAY SUBSEQUENTLY DETERMINE THAT IT CAN ABSORB THE COSTS FOR THIS PROPOSED BILL IN ITS BASE BUDGET, IF THE WORKLOAD OF OTHER ENACTED LEGISLATION DOES NOT EXCEED CURRENT STAFFING LEVELS. HOWEVER, ADDITIONAL RESOURCES TO COVER CONSULTANT COSTS OF \$375,000 WOULD NEED TO BE PROVIDED.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2023-25 costs are calculated at approximately \$22,100 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
553-1	Performance Audits of Government Account	State	1,171,100	331,500	1,502,600	0	0
Total \$			1,171,100	331,500	1,502,600	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.5	1.9	3.2		
A-Salaries and Wages	514,800	214,500	729,300		
B-Employee Benefits	162,000	67,500	229,500		
C-Professional Service Contracts	375,500		375,500		
E-Goods and Other Services	108,000	45,000	153,000		
G-Travel	10,800	4,500	15,300		
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 \$	1,171,100	331,500	1,502,600	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
Research Analyst	126,694	3.0	1.3	2.2		
Support staff	89,671	1.5	0.6	1.1		
Total FTEs		4.5	1.9	3.2		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.

Individual State Agency Fiscal Note

Bill Number: 1436 E S HB	Title: Special education funding	Agency: 095-Office of State Auditor
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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
FTE Staff Years	3.3	0.3	1.8	0.0	0.0
Account					
Performance Audits of Government Account-Non-Appropriated 553 -6	1,168,050	354,830	1,522,880	0	0
Total \$	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
Total \$			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-					
Total \$	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		
Total FTEs		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.

Individual State Agency Fiscal Note

Bill Number: 1436 E S HB	Title: Special education funding	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.4	0.2	0.0	0.2
Account					
General Fund-State 001-1	72,611,000	103,682,000	176,293,000	250,408,000	299,512,000
WA Opportunity Pathways Account-State 17F-1	384,000	553,000	937,000	1,339,000	1,615,000
Total \$	72,995,000	104,235,000	177,230,000	251,747,000	301,127,000

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: Alex Fairfortune	Phone: 360-786-7416	Date: 03/03/2023
Agency Preparation: Michelle Matakas	Phone: 360 725-6019	Date: 03/13/2023
Agency Approval: TJ Kelly	Phone: 360 725-6301	Date: 03/13/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 03/14/2023

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.

Engrossed Substitute Bill: adds specificity to report required in section 6.

Section 1 (new): Intent, 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(2) (amended): changes the special education funding multipliers for K-21 special education students:

- Special education students reported in a general education setting for 80% or more of the school day – 1.035 SY 2023-24, 1.04 SY 2024-25, 1.043 SY 2025-26, and 1.059 SY 2026-27
- All other K-21 special education students – 1.02 SY 2023-24, 1.025 SY 2024-25, 1.028 SY 2025-26, and 1.043 SY 2026-27

Section 2(3) (amended): changes the funded enrollment cap to be 14% in SY 2023-24, 14.5% in 2024-25, 15% in SY 2025-26 & 2026-27 and removes the enrollment cap beginning with SY 2027-28.

Section 3 (amended): lowers the safety net threshold from 2.3 times per pupil to 2.2.

Section 4 (new): Modifies the apportionment basic ed carve out of special education funding (revenue 3121) to be up to 50% of the school districts base allocation as defined in RCW 28a.150.390 (3) for students eligible for and receiving special education portions if a district's special education expenditures in the prior school year exceed state funding.

Section 5 (new): 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.

Section 6 (new): JLARC and the state auditor shall collaborate to prepare a report and conduct a performance audit of the state's system of provide special education services to students with disabilities.

Section 7 (new): Section 2 & 3 takes effect September 1, 2023.

Section 8 (new): Section 4 takes effect July 1, 2025.

Section 9 (new): if funding is not provided for this bill in the omnibus appropriating act, the act is null and void.

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 2(2): Using caseload forecast enrollment, OSPI estimates that the increase to special education multipliers will drive an additional \$38.2 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached Table.

Section 2(3): Using January 2023 special ed enrollment, OSPI estimates the increase to special education enrollment cap

will driver an additional \$45.2 million through the prototypical funding special education formula in school year 2023-24. For more details, see attached table.

Section 3: Using School Year 2021-22 safety net applications, OSPI estimates that lowering the safety net threshold from 2.3 to 2.2 times per pupil will drive approximately \$5.7 million per school year. These expenditures are not increased by inflation.

Section 4: Due to the complexity of the special education formula and the age of OSPIs apportionment system, OSPI assumes the majority of the annual calculation for this section will need to be done by staff outside of the system. OSPI assumes the initial setup will include some contractor cost of approximately 80 programming hours and two weeks of staff time. The cost for this effort will be approximately 18,000 for FY 25 to set up the process. In order to maintain the manual process outside of the system it will be an additional week of staff time per year at 4,000 each year thereafter.

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	72,611,000	103,682,000	176,293,000	250,408,000	299,512,000
17F-1	WA Opportunity Pathways Account	State	384,000	553,000	937,000	1,339,000	1,615,000
Total \$			72,995,000	104,235,000	177,230,000	251,747,000	301,127,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.0	0.2
A-Salaries and Wages		4,000	4,000	4,000	4,000
B-Employee Benefits		3,000	3,000	4,000	4,000
C-Professional Service Contracts		11,000	11,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	72,995,000	104,217,000	177,212,000	251,739,000	301,119,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	72,995,000	104,235,000	177,230,000	251,747,000	301,127,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Associate Director	109,692		0.4	0.2	0.0	0.2
Total FTEs			0.4	0.2	0.0	0.2

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.

Table: ESHB 1436 Fiscal Impacts by School Year

School Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Sec 2: SpEd Enrollment CAP	\$ 45,240,000	\$ 49,332,000	\$ 52,457,000	\$ 53,926,000	\$ 58,768,000	\$ 59,944,000
Sec 2: SpEd Multiplier	\$ 38,201,000	\$ 47,053,000	\$ 52,998,000	\$ 79,102,000	\$ 80,684,000	\$ 82,298,000
Sec 3: Safety Net	\$ 5,747,000	\$ 5,749,000	\$ 5,749,000	\$ 5,749,000	\$ 5,749,000	\$ 5,749,000
Sec 4: Redirect of BasicEd/Sped - OSPI/IT	\$ -	\$ 18,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Sec 5: Maintaining Inclusionary Practices (IPP)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Total School Year	\$ 94,188,000	\$ 107,152,000	\$ 116,208,000	\$ 143,781,000	\$ 150,205,000	\$ 152,995,000
State Fiscal Year	2024	2025	2026	2027	2028	2029
General Fund	\$ 72,611,000	\$ 103,682,000	\$ 113,564,000	\$ 136,844,000	\$ 147,963,000	\$ 151,549,000
Opportunities Pathway	\$ 384,000	\$ 553,000	\$ 606,000	\$ 733,000	\$ 797,000	\$ 818,000
Total Fiscal Year	\$ 72,995,000	\$ 104,235,000	\$ 114,170,000	\$ 137,577,000	\$ 148,760,000	\$ 152,367,000
Biennium	2023-2025		2025-2027		2027-2029	
General Fund	\$ 176,293,000		\$ 250,408,000		\$ 299,512,000	
Opportunities Pathway	\$ 937,000		\$ 1,339,000		\$ 1,615,000	
Total Biennium	\$ 177,230,000		\$ 251,747,000		\$ 301,127,000	