

HOUSE BILL REPORT

HB 1662

As Reported by House Committee On:
Education

Title: An act relating to promoting the efficiency and effectiveness of education agencies by removing the requirement for the state board of education, the Washington professional educator standards board, the Washington state charter school commission, and the financial education public-private partnership to reside in the office of the superintendent of public instruction for administrative purposes and by making other necessary changes to support independent administration of each agency.

Brief Description: Removing the requirement for certain education agencies to reside in the office of the superintendent of public instruction for administrative purposes and by making other necessary changes to support independent administration of each agency.

Sponsors: Representative Santos.

Brief History:

Committee Activity:

Education: 2/11/25, 2/18/25 [DPS].

Brief Summary of Substitute Bill

- Requires the State Board of Education, the Washington Professional Educator Standards Board, the Financial Education Public-Private Partnership, and the Washington State Charter School Commission to operate independently of the Office of the Superintendent of Public Instruction (OSPI) and make provisions for their administrative services, effective July 1, 2026.
- Requires the OSPI to continue providing administrative services to the specified agencies at a level commensurate with their needs through the 2026 fiscal year, and to perform other related duties.

HOUSE COMMITTEE ON EDUCATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Santos, Chair; Shavers, Vice Chair; Rude, Ranking Minority Member; Keaton, Assistant Ranking Minority Member; Bergquist, Callan, Chase, Couture, Donaghy, Eslick, Marshall, McEntire, Ortiz-Self, Pollet, Reeves, Rule, Scott and Stonier.

Staff: Ethan Moreno (786-7386).

Background:

Although governed by independent statutes, the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Financial Education Public-Private Partnership (FEPPP), and the Washington State Charter School Commission (Charter School Commission) are directed by law to wholly or partially reside within the Office of the Superintendent of Public Instruction (OSPI) for administrative purposes.

Agency	Must Reside within OSPI for Administrative Purposes
State Board of Education	Executive Director and Administrative Assistant
Professional Educator Standards Board	Executive Director and Administrative Assistant
Financial Education Public-Private Partnership	Staff
Charter School Commission	Charter School Commission

The administrative supports that the OSPI provides to the SBE, the PESB, the FEPPP, and the Charter School Commission vary depending upon agency needs and authority, but categories of common supports include:

- human resources;
- payroll;
- technology, including hardware, IT support, and email;
- facilities;
- purchasing; and
- budget.

Summary of Substitute Bill:

Operational Independence.

Effective July 1, 2026, the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Financial Education Public-Private Partnership (FEPPP), and the Washington State Charter School Commission (Charter School Commission) are directed to exercise their authority to operate independently and make

provisions for separate administrative services. In implementing these requirements, each of these agencies may contract for all or any portion of their administrative services.

Provisions requiring the SBE, the PESB, the FEPPP, and the Charter School Commission to wholly or partially reside within the Office of the Superintendent of Public Instruction (OSPI) for administrative purposes are removed, and provisions expressly stating the independent agency status of the SBE, the PESB, and the FEPPP are added.

In preparation for the independent provision of administrative services, the Office of Financial Management (OFM) must coordinate with the OSPI, the SBE, the PESB, the FEPPP, and the Charter School Commission, for purposes of supporting a transition to operational independence with separate administrative services. In implementing these requirements, the OFM must also coordinate with other agencies as necessary. Additionally, the SBE, the PESB, the FEPPP, and the Charter School Commission must each establish policies, procedures, and controls necessary to transition to operational independence with separate administration of each agency's business services.

The OSPI must continue to provide administrative services at a level commensurate with the business needs for the affected agencies through the 2026 fiscal year. The OSPI also must provide the agencies with necessary information and documentation in time to meet their planning needs and ensure an effective and efficient transition to operational independence with separate administrative services.

Transfers of Assets, Appropriations, Employees, and Contracts.

Effective July 1, 2026:

- reports, documents, files, funds, credits, and appropriations in the possession of the OSPI that are held on behalf of the SBE, the PESB, the FEPPP, and the Charter School Commission must be transferred to the applicable agency;
- any employees of the OSPI that are employed on behalf of SBE, the PESB, the FEPPP, and the Charter School Commission must be transferred to the applicable agency, subject to review by the agency's executive director; and
- all existing contracts and obligations executed by the OSPI on behalf of the SBE, the PESB, the FEPPP, and the Charter School Commission remain in full force and must be performed by the applicable agency.

Other Administrative Changes.

Effective July 1, 2026:

- provisions authorizing the Superintendent of Public Instruction to appoint and employ personnel to carry out the duties of the SBE are removed;
- the PESB is authorized to delegate to its executive director duties as deemed necessary to efficiently carry on the business of the PESB, including the authority to employ an administrative assistant and other necessary personnel, and to enter into, amend, and terminate contracts; and
- the FEPP is authorized to hire an executive director (instead of a staff person) and to

delegate to its executive director duties deemed necessary to efficiently carry on the business of the FEPPP, including the authority to employ necessary personnel and to enter into, amend, and terminate contracts.

Substitute Bill Compared to Original Bill:

In comparison to the original bill, the substitute bill:

- specifies that effective July 1, 2026, the State Board of Education (SBE), the Washington Professional Educator Standards Board (PESB), the Financial Education Public-Private Partnership (FEPPP), and the Washington State Charter School Commission (Charter School Commission) must exercise their authority to operate independently and make provisions for separate administrative services (rather than make independent provisions for their administrative services);
 - makes explicit the independent agency status of the SBE, the PESB, and the FEPPP;
 - requires the Office of Financial Management to coordinate with the Office of the Superintendent of Public Instruction (OSPI), the SBE, the PESB, the FEPPP, and the Charter School Commission for the purposes of supporting a transition to operational independence for these agencies with separate administrative services (instead of support the transition to independent administrative services);
 - requires the SBE, the PESB, the FEPPP, and the Charter School Commission to establish policies, procedures, and controls necessary to transition to operational independence with separate administration of each agency's business services (rather than necessary to move to independent administration of each education agency's business services);
 - requires the OSPI to provide administrative services at a level commensurate with the business needs for the SBE, the PESB, the FEPPP, and the Charter School Commission through the 2026 fiscal year, and to provide each agency with necessary information and documentation to meet their planning needs and ensure an effective and efficient transition to operational independence with separate administrative services; and
 - revises intent language accordingly.
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Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date of Substitute Bill: The bill contains multiple effective dates. Please see the bill. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) Decisions are best made at the lowest possible level. This bill will allow each agency to optimize their efforts.

(Opposed) None.

(Other) The agencies that are the subject of the bill are administratively housed in the Office of the Superintendent of Public Instruction (OSPI), a constitutional agency. The State Board of Education, the Washington Professional Educator Standards Board, the Financial Education Public-Private Partnership, and the Washington State Charter School Commission (Charter School Commission) have existed for 10 or more years and have sufficient roots to stand on their own. The OSPI has indicated support for the bill in a letter.

Boards and commissions serve a unique role in the policymaking process, including extensive public engagement. These agencies need flexibility that can be difficult if they are subject to large agency oversight.

The administrative structure of the OSPI is designed for its larger organizational size, and it includes additional requirements and delays. This bill aims to give small education agencies separate oversight that can avoid delays, such as those that impacted paraeducators.

Under the current structure, the small education agencies pay about 13 percent of their budget to the OSPI, but these costs can vary unexpectedly. This bill will establish more direct oversight and may improve efficiency, accountability, and service delivery.

Administrative barriers can create barriers to hiring, recruiting, and retaining talent. The Charter School Commission can function more efficiently on its own.

Persons Testifying: (In support) Representative Sharon Tomiko Santos, prime sponsor; and John Axtell.

(Other) Dr. Erica Hernandez-Scott, PESB; Tracy Godat, FEPPP; Marcus Harden, Charter School Commission; and Randy Spaulding, State Board of Education.

Persons Signed In To Testify But Not Testifying: None.