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## Appropriations Committee

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### E2SSB 5263

**Brief Description:** Concerning special education funding.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Pedersen, Braun, Bateman, Chapman, Conway, Dhingra, Frame, Krishnadasan, Lias, Nobles, Orwall, Salomon, Shewmake, Stanford, Valdez and Wilson, C.).

#### **Brief Summary of Engrossed Second Substitute Bill**

- Increases special education excess cost multipliers to 1.32 for kindergarten through age 21 students, pre-kindergarten students, and Early Support for Infants and Toddlers program students.
- Directs the Office of the Superintendent of Public Instruction to use the greater of the school district's basic education allocation (BEA) or the state average BEA for purposes of calculating excess cost allocations.
- Removes the 16 percent special education enrollment funding limit.
- Revises the special education safety net, including reducing the threshold for high-need individuals to access the safety net to 1.75 times the average per pupil expenditure.
- Allows the Superintendent of Public Instruction to reserve up to 0.005 of excess cost allocations to use for certain statewide special education activities.
- Requires changes to accounting methodologies for the proration and allocation of special education students' general apportionment allocations for special education.
- Directs the creation of a statewide online system for individualized education programs.

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*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.*

**Hearing Date:** 3/19/25

**Staff:** James Mackison (786-7104).

**Background:**

Special Education Multipliers and Enrollment.

The state allocates funding for a program of special education for students with disabilities using an excess cost formula. For eligible students in kindergarten through age 21 (K-21), the formula multiplies a school district's base allocation by an excess cost multiplier up to an enrollment limit of 16 percent of a school district's full-time student enrollment. Students in K-21 receiving special education generate funding through both the base allocation and excess cost formulas.

School districts receive a tiered excess cost multiplier based on inclusion in a general education setting for K-21 special education students. A multiplier of 1.12 is provided for special education students that spend at least 80 percent of the school day in a general education setting. For students in a general education setting less than 80 percent of the time, districts receive a 1.06 multiplier. Funding has been provided in the last three biennial operating budgets for professional development to promote the inclusion of special education students within general education classrooms.

Prior to kindergarten, students ages 3 to 5 (Pre-K) receiving special education services receive a multiplier of 1.2. Children with disabilities ages birth to 3 that receive early intervention services through the Department of Children, Youth, and Families' Early Support for Infants and Toddlers (ESIT) program receive a multiplier of 1.15.

Safety Net Funding.

Beyond allocations from excess cost multipliers, the Office of the Superintendent of Public Instruction (OSPI) may provide safety net funding if a school district has one or more high-need individual (HNI) students or is in a community impacted by large numbers of families with children eligible for special education, such as communities with group homes, regional hospitals, or military bases. For HNI awards, the school district's expenditures for the student must exceed an expenditure threshold. Currently, the threshold for a student in any district to access state safety net funds is 2.2 times the statewide average per pupil expenditure (APPE) for school districts with more than 1,000 full-time equivalent students, and 2 times the APPE for school districts with fewer than 1,000 full-time equivalent students. Most safety net awards come from state funding and cover HNI costs, while community impact awards comprise a smaller portion of the safety net. Safety net awards are distributed annually in August of each school year.

As part of its duties related to special education, the OSPI may authorize out-of-state entities to contract with a school district to provide a program of special education for students with disabilities. Students receiving services out-of-state are eligible for safety net awards if they reach the expenditure threshold.

### General Apportionment Funding Used for Special Education.

The K-21 students receiving special education services generate funding through both general apportionment, also referred to as the basic education allocation (BEA), and excess cost formulas. The OSPI is required to develop an allocation and cost accounting methodology to ensure general apportionment funding is prorated and allocated to a student's special education program and accounted for before calculating special education excess cost when services are provided outside of the general education setting. A portion of the BEA amount based on the least restrictive environment (LRE) percentage of time a student is outside a general education setting is redirected from general apportionment and dedicated to special education purposes by the OSPI.

The formulas for special education also apply to charter schools and tribal schools in state-tribal education compacts.

### **Summary of Bill:**

#### Special Education Multipliers and Enrollment.

Excess cost multipliers for special education are increased as follows:

- from 1.12 to 1.32 for K-21 students spending 80 percent or more of the school day in a general education setting;
- from 1.06 to 1.32 for K-21 students spending less than 80 percent of the school day in a general education setting;
- from 1.2 to 1.32 for Pre-K students; and
- from 1.15 to 1.32 for ESIT students.

For purposes of calculating special education funding, the multiplier must be applied to the district's base allocation or the state average base allocation, whichever is greater.

The 16 percent enrollment limit is removed.

#### Safety Net.

The HNI threshold to access the special education safety net is reduced to 1.75 times the APPE for all school districts.

Awards for communities impacted by large numbers of families with children eligible for special education are removed from the safety net.

Safety net awards are distributed quarterly, rather than annually, if the award meets the following criteria:

- The award is for an HNI receiving special education services from an approved nonpublic agency outside the state.
- The student received an HNI award in the previous year and their placement has not since changed.

- All other safety net award eligibility requirements are met.

#### General Apportionment Proration.

The proration of general apportionment funding allocated to the special education program may not be based on an individual district's LRE percentage. A uniform percentage of general apportionment funding for special education students may be adopted by the SPI for proration and allocation.

#### Statewide Special Education Activities.

The Superintendent of Public Instruction (SPI) is required to engage in statewide activities to support special education students. Up to 0.005 of the allocations from excess cost multipliers can be reserved by the SPI for statewide activities. The statewide special education activities must include the following activities:

- annually reviewing data from local education agencies, including the percentage of students receiving special education services, to ensure there is not a disproportionate identification of students;
- providing technical assistance to school districts with disproportionate data;
- requiring districts with disproportionate data to complete and submit, to the OSPI, a self-assessment that includes an audit of student evaluations and individualized education programs (IEPs);
- implementing follow-up actions based on the results of the self-assessment; and
- developing and maintaining a statewide online system for IEPs.

The statewide special education activities may include:

- providing professional development in inclusionary practices to local education agencies, schools, and community partners in promoting inclusionary teaching practices within a multitiered system of supports framework to help safeguard against over-identification and other issues related to disproportionality; and
- providing a funding match to local education agencies that opt to allocate federal funding for coordinated, early intervening services.

By December 1 of each year, the SPI must report to the education committees of the Legislature on the statewide special education activities. The 2025 and 2026 reports must include an update on the impact of removing the cap on the special education enrollment percentage, including the impact on safety net needs.

#### Statewide Online System for Individualized Education Programs.

The OSPI must develop and maintain a statewide online system for individualized education programs, in collaboration with educational service districts or an information processing cooperative, and ensure professional development opportunities are available to support its use.

The purpose of the online system is to provide a uniform, centralized platform for creating and managing individualized education programs to improve efficiency and collaboration, and ensure compliance with federal and state special education requirements.

The online system must be a statewide model that is made available at no cost to school districts and public schools, and include safeguards to protect confidential information and authorize user role-based access. Capabilities must include the abilities to integrate emerging technologies for continued enhancements, language support and translation services, and robust family engagement.

General Apportionment Proration.

The proration of general apportionment funding allocated to the special education program may no longer be based on an individual district's LRE percentage. A uniform percentage of general apportionment funding for special education students may be adopted by the SPI for proration and allocation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on September 1, 2025.