

SENATE BILL REPORT

SB 5307

As of January 21, 2025

Title: An act relating to special education funding.

Brief Description: Concerning special education funding.

Sponsors: Senators Wellman, Bateman, Cortes, Frame, Krishnadasan, Lias, Nobles, Slatter, Stanford, Trudeau, Valdez and Wilson, C.; by request of Superintendent of Public Instruction.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/22/25.

Brief Summary of Bill

- Increases the special education funding multipliers for Pre-K and K-12 students.
- Removes the 16 percent special education enrollment funding cap.
- Allows the Superintendent of Public Instruction to reserve up to 0.005 of excess cost allocations to use for certain statewide special education activities.
- Decreases the special education safety net eligibility threshold for all school districts to 1.5 times the average per-pupil expenditure.
- Directs changes to the general apportionment proration methodology.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Alex Fairfortune (786-7416)

Background: Special Education Funding Multipliers. The state allocates funding for a program of special education for students with disabilities. Special education is funded on

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an excess cost formula for up to 16 percent of a district's students. This formula multiplies the district's base allocation for students enrolled in K-12 special education by an excess cost multiplier of either:

- 1.12 for students receiving special education and reported to be in the general education setting for 80 percent or more of the school day; or
- 1.06 for students receiving special education and reported to be in the general education setting for less than 80 percent of the school day.

Pre-K students receiving special education services, including three-, four-, and five-year-olds not yet enrolled in kindergarten, are funded based on a multiplier of 1.2. These students are excluded from the 16 percent enrollment funding cap.

General Apportionment Proration. The Office of the Superintendent of Public Instruction is required to develop an allocation and accounting methodology to ensure basic education 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.

Safety Net Funding. Beyond these allocations, the Safety Net Oversight Committee (Committee), appointed by the Superintendent of Public Instruction (SPI), may award safety net funding if a district can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas, and it is maximizing its eligibility for all related state and federal revenues. The Committee may award safety net funding to applicants for high-need individuals and for community characteristics that draw a large number of students eligible for special education. A high-need individual is eligible for a safety net award if the student's individualized education program costs exceed 2.2 times the average per-pupil expenditure. If the school district has fewer than 1000 students this threshold is reduced to two times the average per-pupil expenditure.

Summary of Bill: Special Education Funding Multipliers. The special education multipliers set in statute are increased for K-12 special education students to:

- 1.5289 for students receiving special education and reported to be in the general education setting for 80 percent or more of the school day; or
- 1.447 for students receiving special education and reported to be in the general education setting for less than 80 percent of the school day.

Pre-K students receiving special education services, including three-, four-, and five-year-olds not yet enrolled in kindergarten, are funded based on a multiplier of 1.6381.

The SPI may reserve up to 0.005 of the excess cost allocations to use for statewide special education activities.

Enrollment Funding Cap. The 16 percent enrollment funding cap is removed.

Statewide Special Education Activities. The SPI is required to engage in the following statewide special education activities:

- annually review data from local education agencies, including the percentage of students receiving special education services, to ensure there is not a disproportionate identification of students; and
- provide technical assistance to school districts with disproportionate data.

In addition to the required activities, the SPI may also engage in the following optional statewide education activities:

- provide professional development in inclusionary practices to local education agencies, schools, and community partners; and
- maintain common templates and resources including a statewide tool for individualized education programs.

By December 1st of each year the SPI must report to the Legislature on the statewide 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.

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

Safety Net Funding. The safety net eligibility threshold for high-need individuals is reduced to 1.5 times the average per-pupil expenditure for all school districts beginning in the 2025-26 school year.

The Committee may no longer award safety net funding to applicant districts for community characteristics that draw a large number of students eligible for special education.

The Office of the Superintendent of Public Instruction must distribute safety net awards to school districts on a quarterly basis if the following criteria are met:

- the safety net award is provided for a high-cost student that receives special education services from an approved nonpublic agency located outside of Washington;
- the school district successfully applied for and received a safety net award for the high-cost student in a prior school year, and the student's placement has not changed since that safety net award was granted; and
- the school district meets all other safety net award eligibility requirements as determined by the Committee.

Appropriation: None.

Fiscal Note: Requested on January 14, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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