
SENATE BILL 5263

State of Washington

69th Legislature

2025 Regular Session

By Senators Pedersen, Braun, Bateman, Chapman, Conway, Dhingra, Frame, Krishnadasan, Lias, Nobles, Orwall, Salomon, Shewmake, Stanford, Valdez, and C. Wilson

Read first time 01/14/25. Referred to Committee on Early Learning & K-12 Education.

1 AN ACT Relating to special education funding; amending RCW
2 28A.150.390 and 28A.150.392; creating a new section; and providing an
3 effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that students
6 receiving special education services are entitled, under both federal
7 and state law, to a free appropriate public education that enables
8 their full participation.

9 The legislature finds that special education is part of the
10 state's statutory program of basic education that is deemed by the
11 legislature to implement Article IX, section 1 of the state
12 Constitution.

13 **Sec. 2.** RCW 28A.150.390 and 2024 c 229 s 1 are each amended to
14 read as follows:

15 (1) The superintendent of public instruction shall submit to each
16 regular session of the legislature during an odd-numbered year a
17 programmed budget request for special education programs for students
18 with disabilities. Funding for programs operated by local school
19 districts shall be on an excess cost basis from appropriations
20 provided by the legislature for special education programs for

1 students with disabilities and shall take account of state funds
2 accruing through RCW 28A.150.260 (4) (a), (5), (6), and (8) and
3 28A.150.415.

4 (2) The excess cost allocation to school districts shall be based
5 on the following:

6 (a) A district's annual average head count enrollment of students
7 ages three and four and those five year olds not yet enrolled in
8 kindergarten who are eligible for and receiving special education,
9 multiplied by the district's base allocation per full-time equivalent
10 student, multiplied by ~~((1.2))~~ 1.6381;

11 ~~(b) ((i) Subject to the limitation in (b) (ii) of this subsection~~
12 ~~(2), a) A~~ district's annual average enrollment of resident students
13 who are eligible for and receiving special education, excluding
14 students ages three and four and those five year olds not yet
15 enrolled in kindergarten, multiplied by the district's base
16 allocation per full-time equivalent student, multiplied by the
17 special education cost multiplier rate of ~~((÷~~

18 ~~(A) Beginning in the 2020-21 school year, either:~~

19 ~~(I) 1.0075 for students eligible for and receiving special~~
20 ~~education and reported to be in the general education setting for 80~~
21 ~~percent or more of the school day; or~~

22 ~~(II) 0.995 for students eligible for and receiving special~~
23 ~~education and reported to be in the general education setting for~~
24 ~~less than 80 percent of the school day;~~

25 ~~(B) Beginning in the 2023-24 school year, either:~~

26 ~~(I) 1.12 for students eligible for and receiving special~~
27 ~~education and reported to be in the general education setting for 80~~
28 ~~percent or more of the school day; or~~

29 ~~(II) 1.06 for students eligible for and receiving special~~
30 ~~education and reported to be in the general education setting for~~
31 ~~less than 80 percent of the school day.~~

32 ~~(ii) If the enrollment percent exceeds 16 percent, the excess~~
33 ~~cost allocation calculated under (b) (i) of this subsection must be~~
34 ~~adjusted by multiplying the allocation by 16 percent divided by the~~
35 ~~enrollment percent))~~ 1.5289.

36 (3) As used in this section ~~((÷~~

37 ~~(a) "Base))~~, "base allocation" means the total state allocation
38 to all schools in the district generated by the distribution formula
39 under RCW 28A.150.260 (4) (a), (5), (6), and (8) and the allocation

1 under RCW 28A.150.415, to be divided by the district's full-time
2 equivalent enrollment.

3 ~~((b) "Basic education enrollment" means enrollment of resident
4 students including nonresident students enrolled under RCW
5 28A.225.225 and students from nonhigh districts enrolled under RCW
6 28A.225.210 and excluding students residing in another district
7 enrolled as part of an interdistrict cooperative program under RCW
8 28A.225.250.~~

9 ~~(c) "Enrollment percent" means the district's resident annual
10 average enrollment of students who are eligible for and receiving
11 special education, excluding students ages three and four and those
12 five year olds not yet enrolled in kindergarten and students enrolled
13 in institutional education programs, as a percent of the district's
14 annual average full-time equivalent basic education enrollment.)~~

15 **Sec. 3.** RCW 28A.150.392 and 2024 c 127 s 2 are each amended to
16 read as follows:

17 (1) (a) To the extent necessary, funds shall be made available for
18 safety net awards for districts with demonstrated needs for special
19 education funding beyond the amounts provided through the special
20 education funding formula under RCW 28A.150.390.

21 (b) If the federal safety net awards based on the federal
22 eligibility threshold exceed the federal appropriation in any fiscal
23 year, then the superintendent shall expend all available federal
24 discretionary funds necessary to meet this need.

25 (2) Safety net funds shall be awarded by the state safety net
26 oversight committee subject to the following conditions and
27 limitations:

28 (a) The committee shall award additional funds for districts that
29 can convincingly demonstrate that all legitimate expenditures for
30 special education exceed all available revenues from state funding
31 formulas. When determining award eligibility and amounts ~~((+))~~, the
32 committee shall limit its review to relevant documentation that
33 illustrates adherence to award criteria. The committee shall not make
34 determinations regarding the content of individualized education
35 programs beyond confirming documented and quantified services and
36 evidence of corresponding expenditures for which a school district
37 seeks reimbursement.

38 (b) In the determination of need, the committee shall consider
39 additional available revenues from federal sources.

1 (c) Differences in program costs attributable to district
2 philosophy, service delivery choice, or accounting practices are not
3 a legitimate basis for safety net awards.

4 (d) In the determination of need, the committee shall require
5 that districts demonstrate that they are maximizing their eligibility
6 for all state revenues related to services for students eligible for
7 special education and all federal revenues from federal impact aid,
8 medicaid, and the individuals with disabilities education act-Part B
9 and appropriate special projects. Awards associated with (e) and (f)
10 of this subsection shall not exceed the total of a district's
11 specific determination of need.

12 (e) The committee shall then consider the extraordinary high cost
13 needs of one or more individual students eligible for and receiving
14 special education. Differences in costs attributable to district
15 philosophy, service delivery choice, or accounting practices are not
16 a legitimate basis for safety net awards.

17 (f) Using criteria developed by the committee, the committee
18 shall then consider extraordinary costs associated with communities
19 that draw a larger number of families with children in need of
20 special education services, which may include consideration of
21 proximity to group homes, military bases, and regional hospitals.
22 Safety net awards under this subsection (2)(f) shall be adjusted to
23 reflect amounts awarded under (e) of this subsection.

24 (g) The committee shall then consider the extraordinary high cost
25 needs of one or more individual students eligible for and receiving
26 special education served in residential schools, programs for
27 juveniles under the department of corrections, and programs for
28 juveniles operated by city and county jails to the extent they are
29 providing a secondary program of education.

30 (h) The maximum allowable indirect cost for calculating safety
31 net eligibility may not exceed the federal restricted indirect cost
32 rate for the district plus one percent.

33 (i) Safety net awards shall be adjusted based on the percent of
34 potential medicaid eligible students billed as calculated by the
35 superintendent of public instruction in accordance with chapter 318,
36 Laws of 1999.

37 (j) Safety net awards must be adjusted for any unresolved audit
38 findings or exceptions related to special education funding. Safety
39 net awards may only be adjusted for errors in safety net applications

1 or individualized education programs that materially affect the
2 demonstration of need.

3 (3) The superintendent of public instruction shall adopt such
4 rules and procedures as are necessary to administer the special
5 education funding and safety net award process. By December 1, 2018,
6 the superintendent shall review and revise the rules to achieve full
7 and complete implementation of the requirements of this subsection
8 and subsection (4) of this section including revisions to rules that
9 provide additional flexibility to access community impact awards.
10 Before revising any standards, procedures, or rules, the
11 superintendent shall consult with the office of financial management
12 and the fiscal committees of the legislature. In adopting and
13 revising the rules, the superintendent shall ensure the application
14 process to access safety net funding is streamlined, timelines for
15 submission are not in conflict, feedback to school districts is
16 timely and provides sufficient information to allow school districts
17 to understand how to correct any deficiencies in a safety net
18 application, and that there is consistency between awards approved by
19 school district and by application period. The office of the
20 superintendent of public instruction shall also provide technical
21 assistance to school districts in preparing and submitting special
22 education safety net applications.

23 (4)(a) On an annual basis, the superintendent shall survey
24 districts regarding their satisfaction with the safety net process
25 and consider feedback from districts to improve the safety net
26 process. Each year by December 1st, the superintendent shall prepare
27 and submit a report to the office of financial management and the
28 appropriate policy and fiscal committees of the legislature that
29 summarizes the survey results and those changes made to the safety
30 net process as a result of the school district feedback.

31 (b) By December 1, 2024, the office of the superintendent of
32 public instruction must develop a survey requesting specific feedback
33 on the safety net application process from school districts with
34 3,000 or fewer students. The survey must include, at a minimum,
35 questions regarding the average amount of time school district staff
36 spend gathering safety net application data, filling out application
37 forms, and correcting application deficiencies. The survey must also
38 include questions to help identify which application components are
39 the most challenging and time consuming for school districts to
40 complete. By December 1, 2025, the office of the superintendent of

1 public instruction must use this feedback to implement a simplified,
2 standardized safety net application for all school districts that
3 reduces barriers to safety net funding.

4 (5) The safety net oversight committee appointed by the
5 superintendent of public instruction shall consist of:

6 (a) One staff member from the office of the superintendent of
7 public instruction;

8 (b) Staff of the office of the state auditor who shall be
9 nonvoting members of the committee; and

10 (c) One or more representatives from school districts or
11 educational service districts knowledgeable of special education
12 programs and funding.

13 (6) ~~((a))~~ Beginning in the ~~((2019-20))~~ 2025-26 school year, a
14 high-need student is eligible for safety net awards from state
15 funding under subsection (2)(e) and (g) of this section if the
16 student's individualized education program costs exceed ~~((two and~~
17 ~~three-tenths))~~ 1.5 times the average per-pupil expenditure as defined
18 in Title 20 U.S.C. Sec. 7801, the every student succeeds act of
19 2015 ~~((-~~

20 ~~(b) Beginning in the 2023-24 school year, a high-need student is~~
21 ~~eligible for safety net awards from state funding under subsection~~
22 ~~(2)(e) and (g) of this section if the student's individualized~~
23 ~~education program costs exceed:~~

24 ~~(i) 2 times the average per-pupil expenditure, for school~~
25 ~~districts with fewer than 1,000 full-time equivalent students;~~

26 ~~(ii) 2.2 times the average per-pupil expenditure, for school~~
27 ~~districts with 1,000 or more full-time equivalent students.~~

28 ~~(c) For purposes of (b) of this subsection, "average per-pupil~~
29 ~~expenditure" has the same meaning as in 20 U.S.C. Sec. 7801, the~~
30 ~~every student succeeds act of 2015, and excludes)), excluding safety~~
31 ~~net funding provided in this section.~~

32 NEW SECTION. **Sec. 4.** This act takes effect September 1, 2025.

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