

## 2019-21 Biennial Budget Decision Package

**Agency:** 350 – Supt of Public Instruction

**DP code/title:** Safety Net

**Budget period:** 19-21 Regular Session

**Budget level:** ML

**Agency RecSum text:**

State apportionment provides funding dedicated to serving students with disabilities. The funding currently provides an increase of approximately 96 percent to the basic education apportionment rate for each school district, tribal compact school, and charter school. Funding is limited to a maximum of 13.5 percent of a district’s student enrollment. The Safety Net program provides additional funding to address extraordinary costs associated with students with exceptional needs.

**Fiscal detail: To be completed by budget staff**

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
Fund 001-1	22,629,000	33,321,000	45,791,000	60,204,000
<b>Total Expenditures</b>	<b>22,629,000</b>	<b>33,321,000</b>	<b>45,791,000</b>	<b>60,204,000</b>
<b>Biennial Totals</b>	<b>55,950,000</b>		<b>105,995,000</b>	
Staffing	FY 2020	FY 2021	FY 2022	FY 2023
FTEs	1.0	1.0	1.0	1.0
<b>Average Annual</b>	<b>1.0</b>		<b>1.0</b>	
Object of Expenditure	FY 2020	FY 2021	FY 2022	FY 2023
Obj. A	79,000	79,000	79,000	79,000
Obj. B	28,000	28,000	28,000	28,000
Obj. C	94,000	8,000	8,000	8,000
Obj. E	26,000	21,000	21,000	21,000
Obj. G	6,000	6,000	6,000	6,000
Obj. J	5,000	0	0	0
Obj. N	22,391,000	33,179,000	45,649,000	60,062,000

### Package description

In 1995, the Legislature mandated the development of a “Safety Net” to accompany legislative changes to the state funding formula for special education. The special education Safety Net was implemented in the 1996–97 school year and has operated each year since that time.

The 1995 change to the special education funding formula was in response to numerous public policy issues, various studies, and a 1988 Thurston County Superior Court decision.

The Legislature has consistently agreed that Safety Net funding is not an entitlement. Safety Net funding is a supplement to the state funding formula and includes conditions for accessing funds that exceed the regular apportionment formula criteria.

Safety Net funding is provided for high-need individual students and for extraordinary costs experienced by communities that have a factor beyond the control of the district (i.e., military bases and group homes), which often lead to relatively large numbers of families with students with disabilities to reside within the boundaries of the school district. Safety Net funding is made available to local education agencies (LEAs) with demonstrated fiscal need in excess of the special education funding provided through the special education funding formula under Revised Code of Washington (RCW) [28A.150.390](#).

Safety Net data from 2014–15 through 2017–18 show that one in four high-need individual applications is for a student placed out-of-district, either in a non-public agency or as a contracted placement with another district. Regardless of the setting, costs for out-of-district placements are typically two to three times higher than services provided within the district.

Recent developments include the passage of [House Bill 2242](#) (2017), which directed the Office of Superintendent of Public Instruction (OSPI) to review and make recommendations to improve the current Safety Net process and to evaluate the funding level needed to meet the purpose of Safety Net.

Additionally, [Senate Bill 6362](#) (2018) expanded eligibility for Safety Net funds to the extraordinary high cost needs of one or more individual students with disabilities served in residential schools, juveniles under the department of corrections, and programs for juveniles operated by city and county jails.

To perform the requested study, Superintendent Chris Reykdal selected a diverse workgroup of 21 individuals from throughout the state with knowledge of special education program delivery and funding. The workgroup delivered their recommendations to the Superintendent on September 1, 2018.

**What is the problem, opportunity or priority you are addressing with the request?**

There is a lack of sufficient funding for Safety Net awards due to both increased applications and increased costs for services. A 1.0 full-time equivalent (FTE) staff member is needed within OSPI to handle the increased volume of applications.

**What is your proposed solution?**

This request seeks funding to cover the projected shortfalls in the Safety Net appropriation for the next two biennia. In addition, this request will add 1.0 FTE in staffing at the Office of Superintendent of Public Instruction (OSPI) to process the growing number of applications and

support school districts, tribal compact schools, charter schools, and the Safety Net Oversight Committee in the process.

**What are you purchasing and how does it solve the problem?**

This request seeks funding to cover the projected shortfalls in the Safety Net appropriation for the next two biennia, totaling \$55,950,000 in 2020–21 and \$105,995,000 in 2022–23. This request will also add 1.0 FTE in staffing at OSPI to process the growing number of applications and support school districts, tribal compact schools, charter schools, and the Safety Net Oversight Committee in the process. Additionally, this request will allow OSPI to replace the existing process of reviewing paper applications manually and develop a new automated system that will simplify the submission, review, and oversight required to process Safety Net applications.

**What alternatives did you explore and why was this option chosen?**

The Safety Net awards reimburse expenses that local education agencies (LEAs) have already incurred. The LEAs must submit applications to receive funding to cover the extraordinary costs of special education services.

If this proposal is not funded, it would create a deficit in educational funding for students with disabilities, contrary to the Washington State Constitution and court decisions.

**Assumptions and calculations**

**Expansion or alteration of a current program or service**

School districts, tribal compact schools, and charter schools apply for Safety Net funds during the current school year. The applications are based on the costs they have incurred while serving students with extraordinary needs. Due to the timing of the awards, the funds are provided in the state fiscal year (FY) following the school year. For example, Safety Net awards for the 2017–18 school year were paid in August of 2018, which falls in state FY 2019. Prior to FY 2019, the only time Safety Net funding fell short of the appropriation was in FY 2016, when the appropriation was short by \$187. In FY 2019, the appropriation for Safety Net fell \$4,415,947 short of the amount needed to cover the approved Safety Net applications. Based on current trends in the population of students with disabilities and the costs to serve students, OSPI anticipates a need for increased Safety Net funds throughout the next two biennia.

Due to the sharp increase in the volume of applications, this request seeks funding for a 1.0 FTE program supervisor to support the Safety Net review process and committee work. This request also seeks funding to replace the existing process of reviewing paper applications manually by developing a new automated application system capable of supporting the anticipated volume for ongoing Safety Net requests. The automated process will simplify the submission, review, and oversight required to process Safety Net applications.

Table 1 (below) displays the historical spending and program demand for the prior two biennia.

Safety Net Historical Spending and Program Demand				
	FY 2016	FY 2017	FY 2018	FY 2019
	2014–15 School Year	2015–16 School Year	2016–17 School Year	2017–18 School Year
Number of high-need applications	1,984	2,299	2,530	2,784
Increase in number of applications		16%	10%	10%
Cost per high-need application	\$16,475	\$17,308	\$18,799	\$20,124
Increase in cost per application		5%	9%	7%

**Table 1.** Historical spending and demand for Safety Net awards.

### Detailed assumptions and calculations

This request seeks increased funding for FY 2020–23. The projected costs for FY 2020 are based on a 10 percent increase in the number of high-need individual applications and a 13 percent increase for the average cost of a high-need application. The projected increase in the average cost of a high-need application is due to the increase in base salaries that resulted from the passage of Senate Bill 6362. The cost per application is expected to grow by 10 percent, and the number of applications is projected to grow by 10 percent each year beginning in FY 2021 (see Table 1 above). Projected need by fiscal year is displayed in the bottom row of Table 2.

Safety Net Projected Need				
	FY 2020	FY 2021	FY 2022	FY 2023
	2018–19 School Year	2019–20 School Year	2020–21 School Year	2021–22 School Year
Number of high-need applications	3,062	3,368	3,705	4,076
Cost per high-need application	\$22,740	\$23,877	\$25,071	\$26,325
Community Impact [funding for a local education authority (LEA) with identified and quantifiable factors beyond the control of the LEA, justifying disproportional and extraordinary cost]	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Annual demand	\$73,129,880	\$83,917,736	\$96,388,055	\$110,800,700
State General Fund	\$35,952,000	\$35,952,000	\$35,952,000	\$35,952,000
Federal Individuals with Disabilities Education Act (IDEA) Funds	\$14,787,000	\$14,787,000	\$14,787,000	\$14,787,000
Total current funding	\$50,739,000	\$50,739,000	\$50,739,000	\$50,739,000
<b>Additional state funds needed</b>	<b>\$22,390,880</b>	<b>\$33,178,736</b>	<b>\$45,649,055</b>	<b>\$60,061,700</b>

**Table 2.** Projected need for Safety Net funds in fiscal years 2020–23.

### **Workforce assumptions**

In order to provide timely processing of a growing number of applications, this request includes funding to support a 1.0 full-time equivalent (FTE) program supervisor, including salary, benefits, and associated costs. Staffing costs are projected to be \$143,000 in FY 2020 (including \$5,000 in one-time office set-up costs) and \$134,000 annually thereafter.

The cost of contracting for an automated Safety Net application process is projected to be \$94,000 in FY 2020 with ongoing annual maintenance costs of \$8,000.

### **Strategic and performance outcomes**

#### **Strategic framework**

This request supports the Results Washington K–12 goals related to student success as well as Superintendent Reykdal’s priority for closing opportunity gaps for students with disabilities. Funding for this package will close opportunity gaps, improve academic achievement, and increase pathways to graduation. Safety Net funding can be used for services provided to eligible students with disabilities ages 3–5 and from high school through age 21.

#### **Performance outcomes**

Safety Net provides reimbursement to school districts for the extraordinary costs expended to provide special education services to students with disabilities. These services are required per the individualized education plans (IEPs) of students with disabilities to ensure the provision of a free, appropriate public education leading to high school graduation and improved post-secondary school outcomes.

### **Other collateral connections**

#### **Intergovernmental**

This request will provide funds to reimburse school districts, tribal compact schools, and charter schools for extraordinary special education costs.

#### **Stakeholder response**

Parents and guardians of children with disabilities, non-profit, and special education advocacy groups are anticipated to support this request.

#### **Legal or administrative mandates**

This request stemmed from recommendations made by the Special Education Safety Net Workgroup established in House Bill 2242 (2017), as well as changes in Senate Bill 6362 (2018). The Workgroup provided a report to Superintendent Reykdal on September 1, 2018, and they will provide a corresponding report to the Legislature prior to December 1, 2018.

#### **Changes from current law**

Adoption of the recommendations from the Special Education Safety Net Workgroup would require changes to Revised Code of Washington (RCW) [28A.150.390](#) and [28A.150.392](#), as well as the Washington Administrative Code (WAC) [392-140-600](#)–[392-140-685](#).

**State workforce impacts**

Not applicable.

**State facilities impacts**

Not applicable.

**Puget Sound recovery**

Not applicable to OSPI.

**Other supporting materials**

Attach or reference any other supporting materials or information that will help analysts,

Not applicable.

**Information technology (IT)**

**Information Technology**

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

No

Yes

Please download the [IT-addendum](#) and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.