

## 2019 Supplemental Budget Decision Package

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

**DP code/title:** 2-digit RecSum code and short, descriptive title limited to 35 characters. This will appear on DP and RecSum reports. Safety Net

**Budget period:** 2019 Supp

**Budget level:** ML

**Agency RecSum text:** Brief description of your proposal. A cogent “elevator pitch” including a concise problem statement, proposed solution and outcomes affected by the proposal. Agencies should strive not to exceed 100 words. Summary text should not repeat references to cost or FTEs, displayed directly below in the fiscal detail.

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 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	\$0	\$4,500,000	\$22,629,000	\$33,321,000
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$4,500,000</b>	<b>\$22,629,000</b>	<b>\$33,321,000</b>
<b>Biennial Totals</b>	<b>\$4,500,000</b>		<b>\$55,950,000</b>	
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	\$0	\$0	\$79,000	\$79,000
Obj. B	\$0	\$0	\$28,000	\$28,000
Obj. C	\$0	\$0	\$94,000	\$8,000
Obj. E	\$0	\$0	\$26,000	\$21,000
Obj. G	\$0	\$0	\$6,000	\$6,000
Obj. J	\$0	\$0	\$5,000	\$0
Obj. N	\$0	\$4,500,000	\$22,391,000	\$33,179,000

### Package description

Your detailed package description should elaborate upon the RecSum description provided above. This detailed description should provide the Governor, OFM, the Legislature and the public an understanding of the problem you are addressing.

To thoroughly describe the package and its justification, agencies are strongly encouraged to use:

- High-quality narrative descriptions
- Informative tables
- Charts and graphs
- Logic models
- Timelines
- Flowcharts
- Maps or other graphics

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?**

- Describe in detail the problem you propose to solve.
- What is the relevant history or context in which the DP request is made?
- Why is this the opportune time to address this problem?
- Have you previously proposed this request? If so, when and how was it received in the budgeting process at that time?

Safety Net funding for FY19 was insufficient to cover approved awards.

**What is your proposed solution?**

- How do you propose to address this problem, opportunity or priority?
- Why is this proposed solution the best option?
- Identify who will be affected by this DP and how.
- How many clients will or will not be served? Served by whom?

This request seeks funding to cover the FY19 shortfall.

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

- What will this funding package actually buy?
- What services and/or materials will be provided, when and to whom?
- How will these purchases achieve the desired outputs, efficiencies and outcomes?

This request seeks funding to cover the FY19 shortfall.

OSPI's 19-21 decision package provides details on subsequent biennia needs including a projected increase in funding for Safety Net awards and a request for funding for additional staff and efficiency measures to address anticipated workload increases.

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

- What are the consequences of not funding this proposal?
- Describe the pros/cons of alternatives. Explain why this request is the best option.
- What other options did you explore? For example, did you consider:
  - » Options with lower costs.
  - » Services provided by other agency or unit of government.
  - » Regulatory or statutory changes to streamline agency processes.
  - » Redeployment of existing resources to maximize efficient use of current funding.
  - » Option to maintain the status quo.

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**

You must clearly display the caseload/workload/service-level changes and cost/savings assumptions and calculations supporting expenditure and revenue changes proposed. Please attach an electronic version (Excel) of detailed fiscal models and/or fiscal backup information.

The intent here is not to repeat the fiscal detail summarized above, but to expand and provide all underlying assumptions and calculations associated with this proposal. All calculations must include impacts to the 2019-21 *and* 2021-23 biennia and must support the fiscal summary detail.

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

If this proposal is an expansion or alteration of a current program or service, provide detailed historical financial information for the prior two biennia (2015-17 and 2017-19).

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.

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Due to the sharp increase in the volume of applications, OSPI will seek funding in the 19-21 biennium for a 1.0 FTE program supervisor to support the Safety Net review process and committee work. The request will also seek 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 15-17 and 17-19 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

- Provide detailed caseload/workload and cost information associated with adopting this proposal.
- Identify discrete expenditure/revenue calculations. Many DPs contain multiple components to achieve a desired outcome. If this package contains discrete funding proposals, the fiscal models or details must break out the complete costs/savings of each component part.
- Clearly explain all one-time expenditure or revenue components.

This decision package requests funds for FY19. Information about future biennia can be found in OSPI's 19-21 budget request.

State funding available	\$35,952,000
Federal funding available	\$17,589,283
Total available	\$53,541,283
Approved awards	\$57,957,230
Shortfall	-\$4,415,947

#### Workforce assumptions

Include FTE information by job classification, including salary and benefits costs. Work with budget staff to prepare this information.

Not applicable in FY19.

In order to provide timely processing of a growing number of applications, OSPI's 19-21 request will include 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.

OSPI's 19-21 request will also include the cost of contracting for an automated Safety Net application process. Costs are projected to be \$94,000 in FY 2020 with ongoing annual maintenance costs of \$8,000.

### **Strategic and performance outcomes**

#### **Strategic framework**

- How does this package relate and contribute to the Governor's Results Washington goal areas and statewide priorities? [Link to results.wa.gov](https://www.results.wa.gov)
- How does the package relate to the agency's strategic plan?
- Identify how this proposal affects agency activity funding by amount and fund source.

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**

- Describe and quantify the specific performance outcomes you expect from this funding change.
- What outcomes and results will occur? What undesired results are reduced, eliminated or mitigated?
- Explain how efficiencies are optimized.
- Identify all Lean initiatives and their expected outcomes.
- Include incremental performance metrics.

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**

Describe in detail any impacts to tribal, regional, county or city governments or any political subdivision of the state. Provide anticipated support or opposition. Impacts to other state agencies must be described in detail.

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

#### **Stakeholder response**

Agencies must identify non-governmental stakeholders impacted by this proposal. Provide anticipated support or opposition.

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

### Legal or administrative mandates

Describe in detail if this proposal is in response to litigation, an audit finding, executive order or task force recommendations.

This request provides funding to meet current state law.

### Changes from current law

Describe in detail any necessary changes to existing statutes, rules or contracts. Where changes in statute are required, cabinet agencies must provide agency request legislation as an attachment to this DP and submit it through BATS.

Not applicable.

### State workforce impacts

Describe in detail all impacts to existing collective bargaining agreements, compensation or benefits.

Not applicable.

### State facilities impacts

Describe in detail all impacts to facilities and workplace needs (See Chapter 9 - Leases and Maintenance). Describe in detail all impacts to capital budget requests.

Not applicable.

### Puget Sound recovery

If this request is related to Puget Sound recovery efforts, see Chapter 12 of the budget instructions for additional instructions. **(Not applicable to OSPI)**

### Other supporting materials

Attach or reference any other supporting materials or information that will help analysts, policymakers and the public understand and prioritize your request.

[Click here to enter text.](#)

### Information technology (IT)

ABS will pose the question below for *each* DP. If the answer is yes, you will be prompted to attach an IT addendum. (See Chapter 10 of the budget instructions for additional requirements.)

#### 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.