

**2SSB 5841 - S AMD 159**

By Senator Brandland

**ADOPTED 3/9/2007**

1 On page 6, after line 24, insert the following:

2 "New Section. **Sec. 5.** A new section is added to 28A.155 RCW to  
3 read as follows:

4 (1) To the extent necessary, funds shall be made available for  
5 safety net awards for districts with demonstrated needs for special  
6 education funding beyond the amounts provided through the special  
7 education funding formula. If safety net awards exceed the amount  
8 appropriated, then the superintendent shall expend all available  
9 federal discretionary funds necessary to meet this need. Safety net  
10 funds shall be awarded by the state safety net oversight committee  
11 subject to the following conditions and limitations:

12 (a) The committee shall consider additional funds for districts  
13 that can convincingly demonstrate that all legitimate expenditures for  
14 special education exceed all available revenues from state funding  
15 formulas. In the determination of need, the committee shall also  
16 consider additional available revenues from federal sources.  
17 Differences in program costs attributable to district philosophy,  
18 service delivery choice, or accounting practices are not a legitimate  
19 basis for safety net awards.

20 (b) The committee shall then consider the extraordinary high cost  
21 needs of one or more individual special education students. Differences  
22 in costs attributable to district philosophy, service delivery choice,  
23 or accounting practices are not a legitimate basis for safety net  
24 awards.

25 (c) The committee shall then consider extraordinary costs  
26 associated with communities that draw a larger number of families with  
27 children in need of special education services.

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

31 (e) Safety net awards shall be adjusted based on the percent of  
32 potential medicaid eligible students billed as calculated by the

1 superintendent in accordance with chapter 318, Laws of 1999.

2 (f) Safety net awards must be adjusted for any audit findings or  
3 exceptions related to special education funding.

4 (2) The superintendent of public instruction may adopt such rules  
5 and procedures as are necessary to administer the special education  
6 funding and safety net award process. Prior to revising any standards,  
7 procedures, or rules, the superintendent shall consult with the office  
8 of financial management and the fiscal committees of the legislature.  
9 In adopting and revising the rules, the superintendent shall ensure the  
10 application process to access safety net funding is streamlined,  
11 timelines for submission are not in conflict, feedback to school  
12 districts is timely and provides sufficient information to allow school  
13 districts to know what they need to do to correct any deficiencies in  
14 their safety net application, and that there is consistency between  
15 awards approved by school districts and by application period. The  
16 office of the superintendent of public instruction shall also provide  
17 technical assistance to school districts to assist them in preparing  
18 and submitting their special education safety net application.

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

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

28 (a) One staff from the office of superintendent of public instruction;

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

31 (c) One or more representatives from school districts or educational  
32 service districts knowledgeable of special education programs and  
33 funding.

34

35 NEW SECTION. **Sec. 6.**(1) In addition to the responsibilities in  
36 section 5 of this act, the state special education safety net oversight  
37 committee, with the assistance of the office of the superintendent of  
38 public instruction, shall conduct further evaluation of issues raised  
39 in the recently completed review of the special education excess cost

1 accounting procedures by the office of the superintendent of public  
2 instruction and the 2006 report of the joint legislative audit and  
3 review committee report on the accounting of special education excess  
4 costs. Specifically, the state special education safety net oversight  
5 committee shall evaluate options for modifying or replacing the current  
6 accounting methodology in place for the 2005-06 school year in a way  
7 that better reflects the special education program funding and  
8 spending. By November 1, 2008, the oversight committee shall submit a  
9 report to the office of financial management and the appropriate policy  
10 and fiscal committees of the legislature outlining the options for  
11 replacing the current excess cost method. One of the options will be  
12 based on, to the maximum extent appropriate, a full cost accounting.

13 (2) This section expires June 30, 2009."

14 Renumber the sections consecutively and correct any internal  
15 references accordingly.

16

17 **SSB 5841** - S AMD **159**

18 By Senator Brandland

19

**ADOPTED 3/9/2007**

20 On page 1, line 3 of the title, after "28A.150 RCW", insert "adding  
21 new sections to chapter 28A.155;"

--- END ---

**Effect of amendment:** Establishes a new safety net category for school districts that attract a large number of special education students. Requires OSPI to review and streamline the application process to access safety net funds. Requires OSPI to provide technical assistance to school districts and annually survey school districts regarding improvement to the process. Requires the safety net oversight committee to study the excess cost accounting method and explore options for a possible replacement, including an option that reflects the full amount of special education funding.