S-0962.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SUBSTITUTE SENATE BILL 5263**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 69th Legislature 2025 Regular Session**

**By** Senate Early Learning & K-12 Education (originally sponsored by Senators Pedersen, Braun, Bateman, Chapman, Conway, Dhingra, Frame, Krishnadasan, Liias, Nobles, Orwall, Salomon, Shewmake, Stanford, Valdez, and C. Wilson)

AN ACT Relating to special education funding; amending RCW 28A.150.390, 28A.150.392, 43.216.580, and 28A.150.560; adding new sections to chapter 28A.155 RCW; creating a new section; and providing an effective date.

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

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

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

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

(1) The superintendent of public instruction shall submit to each regular session of the legislature during an odd-numbered year a programmed budget request for special education programs for students with disabilities. Funding for programs operated by local school districts shall be on an excess cost basis from appropriations provided by the legislature for special education programs for students with disabilities and shall take account of state funds accruing through RCW 28A.150.260 (4)(a), (5), (6), and (8) and 28A.150.415.

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

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

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

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

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

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

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

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

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

~~(ii) If the enrollment percent exceeds 16 percent, the excess cost allocation calculated under (b)(i) of this subsection must be adjusted by multiplying the allocation by 16 percent divided by the enrollment percent~~)) 1.32.

(3) The superintendent of public instruction may reserve amounts up to .005 of the funding generated under subsection (2) of this section to use for statewide special education activities outlined in section 5 of this act.

(4) As used in this section((~~:~~

~~(a) "Base~~)), "base allocation" means the total state allocation to all schools in the district generated by the distribution formula under RCW 28A.150.260 (4)(a), (5), (6), and (8) and the allocation under RCW 28A.150.415, to be divided by the district's full-time equivalent enrollment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

((~~(j)~~)) (i) Safety net awards must be adjusted for any unresolved audit findings or exceptions related to special education funding. Safety net awards may only be adjusted for errors in safety net applications or individualized education programs that materially affect the demonstration of need.

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

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

(b) By December 1, 2024, the office of the superintendent of public instruction must develop a survey requesting specific feedback on the safety net application process from school districts with 3,000 or fewer students. The survey must include, at a minimum, questions regarding the average amount of time school district staff spend gathering safety net application data, filling out application forms, and correcting application deficiencies. The survey must also include questions to help identify which application components are the most challenging and time consuming for school districts to complete. By December 1, 2025, the office of the superintendent of public instruction must use this feedback to implement a simplified, standardized safety net application for all school districts that reduces barriers to safety net funding.

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

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

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

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

(6)((~~(a)~~)) Beginning in the 2025-26 school year, 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:

(a) The safety net award is provided for a high cost student who receives special education services from an authorized entity, as defined under RCW 28A.300.690, located outside of the state of Washington;

(b) 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

(c) The school district meets all other safety net award eligibility requirements as determined by the safety net oversight committee.

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

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

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

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

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

**Sec.**  RCW 43.216.580 and 2024 c 284 s 1 are each amended to read as follows:

(1) The department is the state lead agency for Part C of the federal individuals with disabilities education act. The department shall administer the early support for infants and toddlers program, to provide early intervention services to all eligible children with disabilities from birth to three years of age. Eligibility shall be determined according to Part C of the federal individuals with disabilities education act or other applicable federal and state laws, and as specified in the Washington Administrative Code adopted by the department. Services provided under this section shall not supplant services or funding currently provided in the state for early intervention services to eligible children with disabilities from birth to three years of age.

(2)(a) Funding for the early support for infants and toddlers program shall be appropriated to the department based on the annual average head count of children ages birth to three who are eligible for and receiving early intervention services, multiplied by the total statewide allocation generated by the distribution formula under RCW 28A.150.260 (4)(a), (5), (6), and (8) and the allocation under RCW 28A.150.415, per the statewide full-time equivalent enrollment in common schools, multiplied by ((~~1.15~~)) the multiplier used in RCW 28A.150.390(2)(a).

(b) The department shall distribute funds to early intervention services providers, and, when appropriate, to county lead agencies.

(c) For the purposes of this subsection (2), a child is receiving early intervention services if the child has received services within the same month as the monthly count day, which is the last business day of the month.

(3) Federal funds associated with Part C of the federal individuals with disabilities education act shall be subject to payor of last resort requirements pursuant to 34 C.F.R. Sec. 303.510 (2020) for birth-to-three early intervention services provided under this section.

(4) The services in this section are not part of the state's program of basic education pursuant to Article IX of the state Constitution.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.155 RCW to read as follows:

(1) The superintendent of public instruction shall engage in statewide special education activities to support students receiving special education services.

(a) The statewide activities must include:

(i) Annually reviewing data from local education agencies, including the percentage of students receiving special education services, to ensure there is not a disproportionate identification of students, as defined by the superintendent of public instruction in accordance with federal requirements of the individuals with disabilities education act, 20 U.S.C. Sec. 1400;

(ii) Providing technical assistance to school districts with disproportionate data; and

(iii) Developing and maintaining a statewide online system for individualized education programs as directed under section 6 of this act.

(b) The statewide activities may include providing professional development in inclusionary practices to local education agencies, schools, and community partners in promoting inclusionary teaching practices within a multitiered system of supports framework to help safeguard against over-identification and other issues related to disproportionality.

(2) The superintendent of public instruction shall annually report to the education committees of the legislature, in accordance with RCW 43.01.036, by December 1st on the statewide activities funded under RCW 28A.150.390(3). The 2025 and 2026 annual 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.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.155 RCW to read as follows:

(1) The superintendent of public instruction shall develop and maintain a statewide online system for individualized education programs. In developing the online system, the superintendent of public instruction must consult with a nonprofit information processing cooperative authorized under RCW 28A.310.180.

(2) The purpose of the online system is to:

(a) Provide a uniform, centralized platform for creating and managing individualized education programs;

(b) Ensure compliance with federal and state special education requirements;

(c) Improve the efficiency and effectiveness of individualized education program development and oversight; and

(d) Improve educator collaboration and serve as an instructional tool designed to improve educational outcomes by aligning individualized supports and services with evidence-based instructional practices.

(3) The online system must:

(a) Have a statewide model that is made available at no cost to school districts, charter schools established under chapter 28A.710 RCW, and state-tribal education compact schools subject to chapter 28A.715 RCW;

(b) Incorporate safeguards to protect confidential student information, including compliance with the federal family educational rights and privacy act and any other applicable privacy laws;

(c) Allow for secure, role-based access so that only authorized users may view or modify individualized education programs;

(d) Be able to integrate emerging technologies to continually enhance its functionality and effectiveness;

(e) Ensure that individualized education programs can show evidence of access to grade-level standards, reasonable progress, improved student outcomes, and students' strengths and needs;

(f) Include integrated language support and translation services;

(g) Allow for robust family engagement, including access to information about student progress that includes both qualitative and quantitative data and that provides information about how individualized education program goals connect to grade-level standards; and

(h) Comply with applicable state and federal accessibility standards.

(4) The superintendent of public instruction shall ensure statewide professional development opportunities are available to educators, administrators, and families to support the effective use and implementation of the statewide online system for individualized education programs, including targeted technical assistance.

**Sec.**  RCW 28A.150.560 and 2023 c 417 s 6 are each amended to read as follows:

(1) It is the policy of the state that for purposes of state funding allocations, students eligible for and receiving special education generate the full basic education allocation under RCW 28A.150.260 and, as a class, are to receive the benefits of this allocation for the entire school day, as defined in RCW 28A.150.203, whether the student is placed in the general education setting or another setting.

(2) The superintendent of public instruction shall develop an allocation and cost accounting methodology that ensures state general apportionment funding for students who receive their basic education services primarily in an alternative classroom or setting are prorated and allocated to the special education program and accounted for before calculating special education excess costs. The proration and allocation 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 superintendent of public instruction for proration and allocation.

(3) Nothing in this section requires districts to provide services in a manner inconsistent with the student's individualized education program or other than in the least restrictive environment as determined by the individualized education program team.

((~~(3)~~)) (4) The superintendent of public instruction shall provide the legislature with an accounting of prorated general apportionment allocations provided to special education programs broken down by school district by January 1, 2024, and then every January 1st of odd-numbered years thereafter.

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

**--- END ---**