



## **Funding the Special Education Safety Net**

### ***2022 Supplemental Operating Budget Decision Package***

#### **Agency/Program Recommendation Summary**

The State Safety Net Oversight Committee is [required by state law](#) to award funds to school districts that demonstrate legitimate expenditures for special education costs beyond what federal or state funds can cover. The total approved Safety Net awards for the 2020–21 school year exceed the fiscal year (FY) 2022 appropriation for Safety Net by \$12,996,000. The Office of Superintendent of Public Instruction (OSPI) is requesting a maintenance level increase to the FY 2022 appropriation to cover the approved Safety Net awards. In addition, OSPI is requesting \$8,516,000 for FY 2023 to meet projections for Safety Net awards for the 2021–22 school year.

#### **Package Description**

An additional \$12,996,000 for FY 2022 is required to fully fund necessary and approved requests for Safety Net funding to school districts for the 2020–21 school year. Based on estimates for FY 2023, an additional \$8,516,000 is necessary. OSPI has not yet run detailed projections on estimated Safety Net costs above current maintenance level for the 2023–25 biennium.

Safety Net awards cover costs districts incur to fulfill students' Individualized Education Programs (IEPs) that exceed federal and state special education funding. Appropriately funding Safety Net applications ensures all students receiving special education services, including those whose services are high cost, receive their free and appropriate public education (FAPE) as guaranteed by law.

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

The Legislature has appropriated an insufficient amount to fully fund necessary Safety Net awards for the 2020–21 school year, as approved by the State Safety Net Oversight Committee. OSPI estimates that the current appropriation for FY 2023 will also be insufficient for Safety Net awards made for the 2021–22 school year.

OSPI has observed that while overall applications for Safety Net funds declined by 23% in the 2020–21 school year, the total costs districts incurred beyond available funding to provide a free and appropriate public education to students receiving special education services has increased. This is likely due to the increased cost of fulfilling the requirements of students' IEPs in the context of remote and hybrid learning and other impacts of the COVID-19 pandemic.

#### **What is your proposed solution?**

OSPI requests an increase in state-funded Safety Net funding for FY 2022 and FY 2023. This is based on approved Safety Net applications for the 2020–21 school year and projections of awards needed for the 2021–22 school year.

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

OSPI's FY 2022 request will fully cover approved Safety Net awards for 2020–21, and the FY 2023 request will meet estimated costs. This reduces the likelihood of OSPI requesting additional funds for the supplemental budget in 2023.

Safety Net funding will help ensure all students receiving special education services, including those whose services are high cost, receive their free and appropriate public education. It will reduce the burden on overextended local education agencies to cover the cost of expensive services and out-of-district placements that are not fully covered by the basic education apportionment rate, state special education funds, and federal Individuals with Disabilities Education Act (IDEA) dollars.

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

The state appropriation for Safety Net awards is the only fund source for applications approved by the State Safety Net Oversight Committee not covered by the federal appropriation.

**Performance Measures****Performance outcomes:**

Safety Net requests that meet application requirements for high needs and/or community impact are awarded to local education agencies demonstrating above-average needs.

## Fiscal Details (Funding, FTEs, Revenue, Objects)

Operating Expenditures	FY 2022	FY 2023	FY 2024	FY 2025
General Fund State - 01	\$12,996,000	\$8,516,000	\$0	\$0
<b>Total Expenditures</b>	<b>\$12,996,000</b>	<b>\$8,516,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Biennial Totals</b>	<b>\$21,512,000</b>		<b>\$0</b>	
Staffing	FY 2022	FY 2023	FY 2024	FY 2025
FTEs	0.0	0.0	0.0	0.0
<b>Average Annual</b>	<b>0.0</b>		<b>0.0</b>	
Revenue	FY 2022	FY 2023	FY 2024	FY 2025
General Fund State	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Biennial Totals</b>	<b>\$0</b>		<b>\$0</b>	
Object of Expenditure	FY 2022	FY 2023	FY 2024	FY 2025
Obj. N	\$12,996,000	\$8,516,000	\$0	\$0

## Assumptions and Calculations

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

This is not an expansion or alteration of the current service.

### Detailed assumptions and calculations:

In the fall of 2020, OSPI estimated that the total state funding required to meet 2020–21 school year Safety Net applications would be \$91,547,870 (FY 2022) and \$91,186,515 (FY 2023) for the 2021–22 school year. OSPI requested a maintenance level increase of \$34,251,000 in FY 2022 and \$55,767,000 in FY 2023 to meet this estimated demand. The Operating Budget was passed in the spring of 2021, and the total state funds for Safety Net awards was \$63,338,000 for FY 2022 and \$82,671,000 for FY 2023.

When the State Safety Net Oversight Committee finalized their review of applications at the end of the 2020–21 school year, the total need for Safety Net funding was determined to be \$91,120,711. After all federal and state funds have been applied, there remains a \$12,996,000 gap. OSPI projections continue to estimate a \$91,186,515 demand on state Safety Net funds for FY 2023, leaving a funding gap of \$8,516,000.

	FY 2022	FY 2023
OSPI Estimate of State Safety Net Funding Need (Fall 2020)	\$91,547,870	\$91,186,515
2021 Maintenance Level (ML) Request to Meet Estimate	\$34,251,000	\$55,767,000
Actual Appropriation	\$63,338,000	\$82,671,000
State Funded Awards	\$76,333,744 (actual)	\$91,186,000 (projected)
Funding Gap (ML request)	\$12,995,744	\$8,515,515

**Workforce assumptions:**

Not applicable.

**How is your proposal impacting equity in the state?**

This request impacts equity by helping to ensure students who have a federal legal right to special education services are receiving them.

**Strategic and Performance Outcomes**

**Strategic framework:**

This request relates to Goal #1 of the Governor's Results Washington—World-Class Education as well as Superintendent Reykdal's top priorities. Increased Safety Net funding is an increase to basic education. It will improve academic achievement, close opportunity gaps, and increase pathways to graduation. Safety Net funding may be used for services provided to eligible students ages 3–5 and eligible students with disabilities ages high school through age 21 and increases their opportunity for improved post-school outcomes.

**Other Collateral Connections**

**Intergovernmental:**

None.

**Stakeholder response:**

OSPI is confident that stakeholders will be supportive of the agency's ability to pay out approved Safety Net awards.

**Legal or administrative mandates:**

None.

**Changes from current law:**

None.

**State workforce impacts:**

None.

**State facilities impacts:**

None.

**Puget Sound recovery:**

N/A

**Other Documents**

**Reference documents:**

Safety Net Projections

**Information technology (IT) addendum:**

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

☒ No

☐ Yes