Washington Office of Superintendent of
PUBLIC INSTRUCTION

Fully Funding Equitable, High-Quality Services for All Students with Disabilities

2025–27 Operating Budget Decision Package

RECOMMENDATION SUMMARY

The Washington State Constitution mandates that the state is responsible for providing basic education, which includes special education. Despite improvements to the special education enrollment cap and the tiered funding multipliers, school districts are still spending hundreds of millions of dollars in local funds to cover the costs of special education services. The Office of Superintendent of Public Instruction (OSPI) requests funding to support improved services and outcomes for students with disabilities through targeted, significant, and efficient investments at the state and district levels with increased equity, transparency, and accountability.

FISCAL DETAIL

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
General Fund- 001 (program 010)	$50,000	$0.00	$0.00	$0.00
General Fund- 001 (program 026)	$297,576,000	$697,306,000	$801,104,000	$817,928,000
Wa Opp. Path- 17F (program 068)	$1,518,000	$3,558,000	$4,088,000	$4,174,000
Total Expenditures	**$299,144,000**	**$700,864,000**	**$805,192,000**	**$822,102,000**
Biennial Totals	**$1,000,008,000**		**$1,627,294,000**	

Staffing	FY 2026	FY 2027	FY 2028	FY 2029
TFTEs	0.0	0.0	0.0	0.0
Average Annual	**0.0**		**0.0**	

Object of Expenditure	FY 2026	FY 2027	FY 2028	FY 2029
Obj. N	$299,094,000	$700,864,000	$805,192,000	$822,102,000
Obj. C	$50,000	$0.00	$0.00	$0.00

Revenue	FY 2026	FY 2027	FY 2028	FY 2029
General Fund-001	$0.00	$0.00	$0.00	$0.00
Total Revenue	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Biennial Totals	**$0.00**		**$0.00**	

PACKAGE DESCRIPTION

School districts have a federal and state obligation to find and serve all children with disabilities within their boundaries. Students with disabilities are legally entitled to special education services, and the costs of these services have always exceeded both federal and state investments, forcing school districts to rely on local sources of funding—funds that are supposed to be for enrichment activities, not basic education—to cover the gap. Despite significant investments in special education over the past two legislative sessions, school districts continue to experience significant funding shortages.

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

This proposal addresses five strategies to improve the state's special education system:

1. Removing the special education enrollment cap and creating a review system to monitor year-over-year increases in special education enrollment.
2. Significant increases to the special education tiered multipliers.
3. Strengthen dedicated investments in state-level special education improvements, such as Inclusionary Practices and the statewide IEP system.
4. Improving the accounting practices for school district special education funding.
5. Providing funding for compensatory education up to age 22, in alignment with a recent court ruling.

The Special Education Cap

It has long been OSPI's view that any cap on special education enrollment funding is arbitrary and legally unclear. The Legislature has tried to mitigate this issue by increasing the cap but has fallen short of removing it or lifting it above the enrollment rates of all school districts. Small school districts, who often have higher percentages of students receiving special education services, are especially harmed by the funding limitations in place due to the special education cap. Based on student enrollment and special education data from July 2024, 137 of Washington's 295 school districts are above the 16% enrollment funding cap, meaning that those districts do not receive adequate funding to provide each of their students with disabilities with the full services and supports to which they are entitled.

Tiered Multipliers

Special education funding is allocated in addition to the full basic education allocation (BEA) available for each student, meaning districts are funded at an enhanced rate for students receiving special education services compared with the base per-student allocation. The enhanced allocation generated by students receiving special education services, also known as the special education multiplier, depends on the amount of time a student spends in a general education setting as opposed to a separate special education classroom or setting. However, these tiered multipliers that drive state special education funding are also inadequate to cover the cost of providing services. Even if the cap was fully removed as proposed, the tiered multipliers must be increased to close the remaining gap in funding for school districts providing these services.

Strengthen Investments in State-Level Special Education Improvements

Supported by significant investments from the Legislature, OSPI has made substantial progress over the past six years with inclusion of students receiving special education services in general education classrooms in Washington schools. Inclusion is measured across various tiers based on the amount of time spent in general education settings, and over the last six years, more than 22,000 students with disabilities have been included at the highest tier of inclusion. In addition to this progress, OSPI received funding during the 2024 Legislative Session to study the feasibility of a statewide online Individual Education Program (IEP) system that would provide a consistent, integrated platform for the classification of special education services, to the benefit of students with disabilities, their families, educators, and schools.

These types of state-level improvements require stable funding to support long-term planning, development, and implementation. Without ongoing, dedicated state dollars, these and future efforts to improve student outcomes for students receiving special education services remain at risk. OSPI proposes mirroring the federal allowance for annual state set-aside funding to support these types of activities, such as inclusionary practices, professional development, educator recruitment and retention, and social emotional and mental health supports for students with disabilities and their families.

Special Education Funding and Accounting Methodologies

The current funding and accounting methodologies are confusing and work against the same systemic improvements that OSPI and the Legislature are trying to advance. Because the state funds school districts at a higher level for students who are included less in general education settings, and because districts are already underfunded and therefore unlikely to take steps that would further reduce their special education budgets, this funding methodology creates an inverse incentive for districts to push for more inclusive practices.

Compensatory Education for Students Through Age 22

Washington's current state law defines students as eligible for special education funding until age 21. More specifically, RCW 28A.155.020 states that school districts must "ensure an appropriate educational opportunity for all children with disabilities between the ages of three and twenty-one, but when the twenty-first birthday occurs during the school year, the educational program may be continued until the end of that school year." In May 2024, the 9th Circuit Court of Appeals issued a ruling in *N. D. v. Reykdal* concluding that the Individuals with Disabilities Education Act (IDEA) requires Washington to provide special education services to students through their 22nd birthday or until they receive a high school diploma, whichever occurs first.

What is your proposal?

The strategies outlined in this proposal build upon the investments and improvements that the Legislature has made in recent years and continues to advance structural improvements to Washington's special education system. This proposal includes system improvements that move the state closer to fulfilling its constitutional obligation to fully fund special education as part of basic education. OSPI requests that the Legislature invest in five priority areas, described below.

The Special Education Cap

This proposal removes the cap on special education funding and allows school districts to generate full state funding for the services they are legally obligated to provide. Instead of a cap, OSPI proposes strengthening accountability measures by automatically flagging significant year-over-year growth in enrollment of students receiving special education services. School districts with significant and sudden increases in special education enrollment will be required to submit narratives and documentation explaining the increase.

Tiered Multipliers

To further close the special education funding gap, this proposal increases the special education tiered multipliers, both the two K–12 and the pre-Kindergarten multipliers. These increases would be phased in over the coming fiscal years.

Strengthen Investments in State-Level Special Education Improvements

To support improvements to the special education system itself and the services it provides directly to students and their families, OSPI proposes dedicating 0.5% of state special education funding be set aside for these purposes, similar to the federal IDEA funding model. This portion of funds will create consistent support for state-level improvement activities, such as advancing inclusionary practices, moving the state toward a statewide IEP system, professional development, special education teacher recruitment and retention, and social-emotional and mental health supports for students with disabilities.

Special Education Funding and Accounting Methodologies

OSPI proposes moving from the current confusing and counterintuitive special education funding and accounting methodologies to a simpler and more consistent process that is adjusted at the state level on a three-year basis.

Compensatory Education for Students Through Age 22

OSPI proposes that the state fund special education services for students who age out of the program after the completion of the school year in which they turn 21 in compliance with the ruling under *N. D. v. Reykdal*.

How is your proposal impacting equity in the state?

1. Continued overreliance on local revenues to meet state and federal obligations for serving students with disabilities means school districts have less opportunity to leverage local funds to provide access to preventative and emergent supports for all students. This is an issue of equity, because not all school districts have equal access to local funds, which means that some of Washington's students who are furthest from educational justice have less opportunity to access preventive and emergent supports. The state continues to make significant strides in including students with disabilities in general education settings. However, despite these improvements, Black students with disabilities and students with Intellectual and Developmental Disabilities (IDD) still lack the same access to choice and opportunity. The Inclusionary Practices Technical Assistance Network is actively working to address and disrupt these disparities. Ongoing support and funding are essential to

eliminate these systemic inequities and ensure that all Washington state students have access to high-quality instruction and curriculum.

2. At the forefront of every program, policy, and decision, OSPI actively focuses on ensuring all students have access to the instruction and support they need to succeed in our schools. OSPI regularly engages with a wide array of partners and stakeholders to continuously connect with students, families, and community representatives as partners in decision-making.
3. See above.
4. This support will also equip educators with the resources and technical assistance needed to provide high-quality instruction to students who have historically experienced education in segregated settings. The priorities outlined in this request are explicitly tied to equity, choice, and opportunity in the educational system. They are designed to remove barriers and develop equitable systems that support improved student outcomes and educator efficacy.

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

The Special Education Cap

This proposal removes the existing special education enrollment cap of 16.25% and instead establishes a monitoring system to evaluate if a school district has a significant year-over-year increase in their percentage of students receiving special education services.

Tiered Multipliers

Funding is required to increase the tiered special education multiplier, phased in over the next four years. These increases are distributed using the existing ratios between the different inclusion tiers.

Strengthen Investments in State-Level Special Education Improvements

This proposal sets aside 0.5% of state special education funds, modeled after federal IDEA rules, for OSPI to engage in state level improvements of special education systems and services. OSPI would be allocated up to 0.5% of program 4131 funding to continue the successful Inclusionary Practices Technical Assistance Network (IPTN) and to begin work on the statewide online IEP system.

Special Education Funding and Accounting Methodologies

This is a no-cost item as it relates to funding that is already generated at each school district.

Compensatory Education for Students Through Age 22

OSPI is requesting that the Legislature provide funding for students receiving special education services who will turn 22 during the 2025–26 school year. For the 2026–27 school year and beyond, OSPI is proposing legislation that would align state law with the court ruling under *N. D. v. Reykdal*, which would include these students in future caseload numbers and regular enrollment figures for purposes of special education funding.

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

Continuation of the 16.25% funding cap would mean that at least 137 school districts will remain

unable to fully fund services for students receiving special education services out of their special education budgets, forcing them to use local funding and funding from other programs to meet this constitutional obligation. This persistent and longstanding overreliance on local funding to meet state and federal obligations for serving students with disabilities means districts have fewer opportunities to leverage these same local funds to provide the services for which they are intended.

A lack of consistent and dedicated funding for projects that drive systemic improvements in special education will lead OSPI to continue to submit funding requests for individual items such as the IPTN and the statewide IEP project.

What resources does the agency already have that are dedicated to this purpose?

State special education is generated in accordance with current law and formulas. The inclusionary practices technical assistance network is currently funded by a one-time $5,000,000 budget proviso that will expire after fiscal year 2025. OSPI also received $500,000 in one-time funding for a feasibility study on the statewide IEP system. There is no current administrative set aside or funding for compensatory education.

ASSUMPTIONS AND CALCULATIONS

Expansion, reduction, elimination or alteration of a current program or service:

This increase will narrow the funding gap to help support all students across the state. The request will not eliminate nor reduce a current educational program or service.

Detailed assumptions and calculations:

OSPI used the maintenance level funding baseline for these calculations. Enrollment is as approved by the Caseload Forecast Council and the current law inflationary values that are assumed for future fiscal years.

Current law assumes an enrollment cap on special education funding of 16.25% and a multiplier for enhanced special education funding of 1.2 for ages 3–5, 1.12 for Tier 1 Least Restrictive Environment (LRE), and 1.06 for all other LRE ages K–21.

OSPI proposes to remove the enrollment cap and increase the multipliers. In the first year, OSPI proposes increasing the multipliers as follows:

- Ages 3–5: 1.4108
- Ages K–21 in Tier 1: 1.3167
- Ages K–21 in all other Tiers: 1.2462.

Additionally for the first year, OSPI requests $4 million to fund students receiving special education services who turn 22 during the 2025–26 school year.

In the second year, OSPI proposes increasing the multipliers as follows:

- Ages 3–5: 1.6381
- Ages K–22 in Tier 1: 1.5289
- Ages K–22 in all other Tiers: 1.4470

Using caseload forecasted enrollment from March 2024, OSPI estimates removing the cap on enrollment would increase special education funding by $24.2 million in the first school year. OSPI estimates the increase to the special education multipliers would be approximately $357.7 million in the first school year and $767.4 million in the second school year.

Additionally, OSPI requests an additional $50,000 for the one-time cost of programming the change for the administrative set-aside into to the funding formula within the apportionment system.

Net Neutral State Costs

OSPI requests a change to the 3121 backout percentage formula. As this is a percentage that is applied to the overall prototypical formula calculated for each school district, this change will be a net neutral state cost and provide more predictable special education funding for districts year over year.

OSPI also requests a 0.5% administrative set-aside to the special education enhancement to funding to allow for more targeted assistance to support Inclusionary Practices Technical Assistance Network (IPTN) and to begin work on the statewide IEP system. Using caseload forecasted enrollment, OSPI projects the amount of set-aside administrative to be approximately $15 million per fiscal year. This would be a net neutral state cost.

Workforce assumptions:

No Impact.

Historical funding:

Fiscal Year 2026

- FTE = 0 FTE
- Total Funds = $2.157 billion
- Near General Fund = $2.157 billion
- Other Funds = $0

Fiscal Year 2027

- FTE = 0 FTE
- Total Funds = $2.189 billion
- Near General Fund = $2.189 billion
- Other Funds = $0

STRATEGIC AND PERFORMANCE OUTCOMES

Strategic framework:

This request supports the Governor's Results Washington goals related to K–12 education by aiming to increase the percentage of students who graduate from high school, reducing opportunity gaps for students, increasing the number of students with disabilities who are primarily served in classrooms with their peers, and increasing the percentage of students with IEPs who graduate from high school within five years.

OSPI supports and empowers students, educators, families, and communities through equitable access to high-quality curriculum, instruction, and supports. This request makes progress toward the agency's vision to have all students ready for post-secondary pathways, careers, and civic engagement and makes progress toward Superintendent Reykdal's Strategic Goal #4, which focuses on supporting school districts through consistent, timely, and meaningful funding and supports the center the needs of students.

Performance outcomes:

Restructured State Special Education Funding

- **Cap on Growth**: Stabilized funding growth that aligns with student population changes, ensuring equitable resource distribution.
- **Percentage-Based Funding (3121)**: More accurate and equitable allocation of funds based on student needs rather than placement numbers, leading to improved support and inclusion for students with disabilities.
- **Increased Multiplier for PreK and K–12**: Enhanced early intervention and sustained support throughout K–12 education, leading to better educational outcomes and reduced long-term costs.

Sustainable Funding for Inclusionary Practices Technical Network (IPTN)

- **MTSS Framework Implementation**:
    - Improved instructional practices that are culturally affirming and inclusive, leading to higher student engagement and achievement.
    - Better support for diverse learners, reducing opportunity gaps and the resulting achievement gaps.

Reduced Exclusionary Practices

- **Focus on Black Children with Disabilities and Students with Intellectual and Developmental Disabilities (IDD)**:
    - Decreased rates of suspension and expulsion.
    - Increased inclusion in general education settings.
    - Improved academic and social outcomes for marginalized groups.

Cascading Team Support Structures

- **State, Region, Community, District, School**:

- Enhanced collaboration and consistency in special education practices across different levels.
- Streamlined support and resource allocation, leading to more effective interventions and support for students.
- Reduction in overidentification of specific student groups, reducing disproportionality and improving the implementation of inclusionary practices and culturally affirming instruction leading to inclusionary outcomes.

System Supports

- **Statewide Individual Education Program (IEP)**:
  - Consistent IEP processes and documentation across the state, improving compliance and quality of services.
  - Easier transitions for students moving between school districts, ensuring continuity of support.
  - A cohesive, comprehensive, and user-friendly platform that supports and improves the educational journey of students with disabilities and the educators that support them.
  - Educator, family, and student collaboration that ensures that IEPs serve as dynamic instructional frameworks that improve student outcomes.
- **Eliminating Severe Discrepancy for SLD Eligibility**:
  - Equitable and accurate identification processes for Specific Learning Disabilities (SLD), reducing misidentification and ensuring appropriate support for all students who need it.
  - Increased access to early and appropriate interventions, improving long-term educational outcomes.
  - Reductions in overidentified groups and increase in culturally affirming instructional practices

OTHER COLLATERAL CONNECTIONS

Intergovernmental:

None.

Stakeholder impacts:

This request has been supported by students, families, and a variety of stakeholder groups supporting different employee groups within the K–12 system. In addition, advocates for students with disabilities will be interested in any proposed changes to funding.

Legal or administrative mandates:

The compensatory education part of this proposal is in response to the 9th Circuit Court of Appeals May 2024 ruling in *N.D. v. Reykdal*.

Changes from current law:

This proposal will require changes to statutory language related to the special education

funding cap and tiered multiplier in RCW 28A.150.390. Additionally, expanding services to students until their 22nd birthday will require changes to law in RCW 28A.155.020, RCW 28A.155.170, and RCW 28A.155.220.

State workforce impacts:
None.

State facilities impacts:
None.

Puget Sound recovery:
N/A

Governor's salmon strategy:
N/A