

**HB 83 Tuition for State Placements**

Mr. Chairman and Members of the Committee:

My name is Joan Anderson, Assistant Superintendent of Operations at the Office of Public Instruction (OPI). The State Superintendent has requested and supports HB83. I'm here to explain the bill and answer any questions you have.

The purpose of HB 83 is to streamline the process for the state's payment of tuition for children who are placed by the state or by the courts into foster and group homes outside the school district they normally would attend. The state pays this tuition in a round-about way that leads to inefficiency and sometimes errors and could be improved greatly with passage of HB 83. In addition to the HB 83 changes related to the state tuition payment process, this bill also contains changes that clarify current law by re-ordering sections and making minor wording changes. I won't be discussing those, but I'd be happy to answer any questions you have about those sections.

Today I'll explain how the payment works now, how HB 83 differs from that, and why OPI is asking for HB 83 to improve the current payment process.

First, how the payment works. Please refer to Figure 1. [See Figure 1 showing a picture of the situation this applies to.]

[See Figure 2 showing a flowchart of current law and HB 83.]

That's how the process works under current law and under HB 83.

Next, the reasons OPI want to make this change:

-- Training issues: There are now 56 county superintendents trying to understand and apply complicated tuition laws and make state tuition payments to up to 436 school districts. Over half of county superintendents only work part-time. Keeping the county superintendents up-to-date on tuition laws is challenging for OPI, and some county superintendents would prefer not to be responsible for the state tuition

payments.

-- OPI's fiscal responsibilities: OPI feels there is a disconnect between the state's responsibility for the money and the control over how it is spent. That is, by the time OPI receives notice from the counties about how much tuition they paid, the money is gone and errors often can't be corrected. Please refer to Figure 3. [See Figure 3 showing county payments, overpayments and error corrections.]

You can see that errors can be made at the county level. OPI is the only agency that looks at and questions these payments to be sure they are correct. If OPI did not desk-audit these payments, the funds would be virtually un-audited and errors and state overpayments would not be detected. However, OPI has no power to correct the problems in payments when we find them, except to try and convince county superintendents make corrections. I can understand, and I'm sure you can see, why they wouldn't want to try to collect the overpayments from their schools once the payments are already made and the money is spent. OPI would prefer to review the cases before making payments so errors can be avoided rather than corrected. Also, OPI's payments are subjected to a yearly agency audit by the state Legislative Auditors, which provides good fiscal accountability.

Several county superintendents indicated to me they might oppose this bill, but in talking to them I found that their opposition was based on their incorrect assumptions about what the bill does. They incorrectly assumed this bill affects local decisions about placements and services for children. In reality, it only affects the payments of tuition. When they saw the limited impacts, they didn't have a problem with it. So, I want to point out, in anticipation of any opposition along those lines, that this bill does not affect placements of children or any local control of the school districts and counties. The county superintendents still can be and should be actively involved in those important educational decisions. Another concern expressed to me is that they're worried that OPI can't keep up with the workload, so payments would be delayed and backlogged. On the contrary, OPI already desk audits and follows up on every state tuition payment. Time currently spent trying to correct payment problems after the

fact could be spent making the payment in the first place. We anticipate prompt payment of school districts' tuition claims without any problems.

I also brought written testimony from Patricia Stennes, County Superintendent of Schools in Roosevelt County, our bill sponsor's county, supporting HB 83. I gave a copy of that to the secretary for you.

So, in closing I want to point out several important facts:

- OPI is not requesting additional FTE. This is being handled by current staff and would continue to be.
- The payment system is already in place at OPI to make payments to school districts. The payments made by this division under 8 programs have a reputation for virtually 100% accuracy and timeliness, and we expect to uphold that proud reputation with HB 83 tuition payments as well.
- This bill doesn't affect the tuition rates paid to an eligible district. District will not gain or lose money in this bill.
- There is no impact on which students are eligible for state tuition payments. The same students eligible under current law are eligible under HB 83.
- And finally, there is no additional state cost. The bill appropriates the same amount of funding to OPI that would have been used by counties for these payments before HB 83, so the state cost is exactly the same. In fact, by avoiding overpayments, it's probable that the state will save money in future years if HB 83 passes.

HB 83 is a good bill that increases efficiency and protects state dollars, but HB 83 doesn't change the amount of state money the schools are receiving or the ability of schools to make decisions about the student's programs. Please DO PASS HB 83.

I'd be happy to answer any questions for you.