
Education Appropriations Committee

HB 2759

Brief Description: Adjusting local school finance related to nonresident students enrolled in online learning.

Sponsors: Representatives Maxwell, Anderson, Roberts, White, Goodman, Clibborn, Kenney, Hunter, Morrell and Haigh.

Brief Summary of Bill

- Excludes from school districts' levy bases state or federal allocations that are based on non-resident students enrolled in an online school program, beginning with levies to be collected in calendar year 2011

Hearing Date: 1/26/10

Staff: Wendy Polzin (786-7137).

Background:

School Districts' Levy Bases:

School districts are authorized to collect voter-approved maintenance and operations levies. The amount that a district may collect is determined by the district's levy base. A district's levy base includes most state and federal revenues received by the district in the prior school year.

An "online school program" is defined in current law as:

- Delivered primarily electronically using the internet.
- Taught by a teacher primarily from a remote location.
- A part-time or full-time sequential program with online lessons and tools for students and data management.

Substitute Senate Bill 5410 (2009) required the Office of the Superintendent of Public Instruction conduct a review of online courses and programs offered in 2008-09 to create a baseline of information, including, but not limited to: (1) student enrollment, (2) how programs

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

are offered, (3) contract terms and funding, and (4) the fiscal impact on levy bases and levy equalization from inter-district enrollment. The report, received in December 2009, found that "because several online programs operated by school districts in 2008-09 enrolled large numbers of students residing in other districts, these programs could have a significant fiscal impact on levy bases." Districts operating the online program may see an increase in enrollment and resulting state revenue, which also increases the maximum levy authority for the district. The districts losing resident student enrollment to the online program may see a resulting decline in their levy base, which will reduce levy authority.

Changes in a district's levy base affect the amount that an eligible district may receive under Local Effort Assistance (LEA), the state's program of tax relief to property-poor districts.

Summary of Bill:

For school levies collected in calendar year 2011 and beyond, a school district's levy base does not include state or federal allocations that are based on nonresident students enrolled in an online school program. Because Local Effort Assistance (LEA) is based on a district's levy base, the LEA calculation would also exclude revenues attributable to these nonresident students.

Appropriation: None.

Fiscal Note: Requested on January 18th, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.