

SENATE BILL REPORT

SB 5956

As of February 2, 2024

Title: An act relating to enrichment levies.

Brief Description: Concerning the maximum per-pupil limit for enrichment levies.

Sponsors: Senators Wellman, Lovelett, Kuderer, Nobles, Valdez and Wilson, C.; by request of Superintendent of Public Instruction.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/15/24, 1/31/24 [DPS-WM, DNP].

Ways & Means: 2/03/24.

Brief Summary of First Substitute Bill

- Provides that a school district's maximum per-pupil limit for enrichment levy purposes must be multiplied by the district's regionalization factor.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5956 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Nobles, Vice Chair; Wilson, C., Vice Chair; Hunt and Pedersen.

Minority Report: Do not pass.

Signed by Senators Hawkins, Ranking Member; Dozier, McCune and Mullet.

Staff: Alex Fairfortune (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

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

Staff: Richard Ramsey (786-7909)

Background: Regionalization Factor. The Legislature allocates money to each school district for state-funded employee salaries and associated fringe benefits. Salary funding is allocated to school districts based on minimum statewide average salaries for each of the three school staffing categories: certificated instructional staff, certificated administrative staff, and classified staff.

Salary allocations are adjusted to reflect regional differences in the cost of hiring staff. The regionalization factor for each school district is based, in part, on differences in the median residential value of each school district as well as all neighboring districts within a 15-mile radius. Districts whose median residential values exceed the statewide average receive upward adjustments of 6, 12, or 18 percent. Some school districts receive additional regionalization based on proximity to higher regionalized school districts or higher ratios of instructional staff with experience and advanced degrees. The operating budget may include additional regionalization adjustments.

Enrichment Levies. The state constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Upon voter approval, school districts are authorized to collect excess levies above the 1 percent constitutional property tax limit. School district voters may approve enrichment levies for up to four years, capital levies for up to six years, and bond levies for the life of the bonds.

A district's maximum enrichment levy is the lesser of \$2.50 per \$1,000 of assessed value or the maximum per pupil limit, which is \$2,500 per pupil for districts with fewer than 40,000 students and \$3,000 per pupil for districts with 40,000 or more students. Before a school district may submit an enrichment levy to the voters, it must receive approval of its expenditure plan from the Office of the Superintendent of Public Instruction (OSPI). OSPI may approve the plan if it determines the district will spend enrichment levy revenues only for permitted enrichment activities.

Summary of Bill (First Substitute): Beginning with taxes levied for collection in calendar year 2025 a district's maximum per-pupil limit for enrichment levy purposes is either:

- \$2,500 per-pupil, multiplied by the district's regionalization factor as defined in the omnibus appropriations act for the prior school year, for school districts with fewer than 40,000 students; or
- \$3,000 per-pupil, multiplied by the district's regionalization factor as defined in the omnibus appropriations act for the prior school year, for school districts with 40,000 or more students.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

- Modifies the enrichment levy maximum per-pupil limit for school districts with

40,000 or more students to be \$3,000 per-pupil multiplied by the district's regionalization factor, beginning with taxes levied for collection in calendar year 2025.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Early Learning & K-12 Education): *The committee recommended a different version of the bill than what was heard.* PRO: The regionalization that was part of the McCleary fix doesn't work, and we've been asked to address this. This is the first phase of corrections we need. This allows districts to regionalize levies that high-regionalization districts can afford to hire staff with enrichment dollars. Local enrichment levies help pay for critical supports for students, and without regionalization accounted for the levy dollars have diminished buying power in relation to state apportionment dollars. For some districts this bill would allow collection of \$10 to \$12 million in local dollars that have already been approved, which would address their funding deficits and keep them from having to cut programs. Any change in regionalization must also be applied to local effort assistance so that equity issues are not exacerbated.

CON: This does not address the root problem of underfunding. It would place more responsibilities on local communities instead of the state and exacerbate inequities.

OTHER: The Legislature continues to not meet its obligation to fully fund basic education. Levies continue to backfill unfunded needs and this bill would further exacerbate the inequities between the haves and the have-nots. This would just recreate the problem addressed by McCleary. This helps 68,000 out of 1 million students so it is a narrow fix. The majority of school districts would not be affected. Regionalization is broken and does not get fixed by incorporating it further into levy language. The state should work on programs that affect all districts and fully fund special education and transportation.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator Lisa Wellman, Prime Sponsor; Chris Reykdal, Superintendent of Public Instruction; Supt. Kelly Aramaki, Bellevue School District; Jackie Bryan, CFO, Highline Public Schools; Jackie McGourty, School Board Director, Northshore School District; Julie Salvi, Washington Education Association; Andrew McCollum; Kate Davis, Olympia School District; Jane Fuller, Councilmember, San Juan County.

CON: Rob Bryant, Federal Way Public Schools.

OTHER: Melissa Gombosky, ESD 105 Schools Advocacy Coalition; Dan Steele, WA Assn of School Administrators & WA Assn of School Business Officials; Charlie Brown, South Sound Superintendents; Melissa Beard, Washington State School Directors' Association (WSSDA); Jacob Vela, The League of Education Voters.

Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education):

No one.