S-4405.1

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**SUBSTITUTE SENATE BILL 5563**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Wellman, Hasegawa, Cleveland, Conway, Dhingra, Kuderer, Nguyen, Nobles, Pedersen, Randall, Stanford, and C. Wilson)

AN ACT Relating to enrollment stabilization funding to address enrollment declines due to the COVID-19 pandemic; amending RCW 28A.500.015; reenacting and amending RCW 84.52.0531; creating new sections; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature recognizes that the COVID-19 pandemic has impacted the delivery of education across the state, as school districts resume in-person instructional models with heightened efforts to protect the health and well-being of students and staff and address the pandemic's impact on student learning. The legislature also recognizes that state funding formulas are largely driven by enrollment, and the pandemic has resulted in unforeseen, temporary enrollment declines in many districts. Funding declines due to temporary, unforeseen changes in enrollment can affect a district's ability to maintain the staffing and resources needed to deliver education services. Stabilization funding in the 2020-21 school year provided important support for schools to maintain services amid enrollment declines. With this act and in the omnibus operating appropriations act, the legislature intends to extend stabilizing funding to districts that have seen temporary enrollment declines due to the COVID-19 pandemic for the final time.

NEW SECTION. **Sec.**  (1) If a local education agency's combined state revenue generated in the 2021-22 school year is less than what its combined state revenue would be using 2019-20 annual average enrollment values and formulas in place for the 2021-22 school year, then the superintendent of public instruction must provide an enrollment stabilization amount to the local education agency in the 2021-22 school year. The enrollment stabilization amount shall be equal to 50 percent of the local education agency low enrollment impact.

(2) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Combined state revenue" means the combined amount from the following allocations to local education agencies:

(i) General apportionment allocations as described in RCW 28A.150.260;

(ii) Special education allocations as described in RCW 28A.150.390. Allocations for special education enrollment above 2021-22 levels in kindergarten through 12th grades must be based on an excess cost multiplier of 0.995;

(iii) Learning assistance program allocations as described in RCW 28A.150.260(10)(a). Learning assistance program allocations based on 2019-20 enrollments must include the prior years' free or reduced-price meal percentages used for allocations in the 2020-21 school year;

(iv) Transitional bilingual program allocations as described in RCW 28A.150.260(10)(b);

(v) Highly capable program allocations as described in RCW 28A.150.260(10)(c);

(vi) Career and technical education and skill centers allocations as described in RCW 28A.150.260 (4)(c), (7), and (9);

(vii) Allocations to support institutional education for residential schools as defined by RCW 28A.190.005 and of juveniles in detention facilities as identified by RCW 28A.190.010;

(viii) Dropout reengagement program allocations for eligible students under RCW 28A.175.100;

(ix) Alternative learning experience allocations as described in RCW 28A.232.020; and

(x) Running start allocations as described in RCW 28A.600.310.

(b) "Local education agency" means a school district, charter school, or state-tribal education compact school established under chapter 28A.715 RCW.

(c) "Local education agency low enrollment impact" is equal to a local education agency's combined state revenue that would be generated using 2019-20 annual average enrollment values and formulas in place for the 2021-22 school year minus its combined state revenue generated in the 2021-22 school year, if the difference is greater than zero.

(3) Enrollment stabilization amounts allocated under this section are not part of the state's program of basic education but may be used for any allowable cost within any of the programs.

**Sec.**  RCW 84.52.0531 and 2021 c 221 s 2 and 2021 c 145 s 22 are each reenacted and amended to read as follows:

(1) Beginning with taxes levied for collection in 2020, the maximum dollar amount which may be levied by or for any school district for enrichment levies under RCW 84.52.053 is equal to the lesser of two dollars and fifty cents per thousand dollars of the assessed value of property in the school district or the maximum per-pupil limit. This maximum dollar amount shall be reduced accordingly as provided under RCW 43.09.2856(2).

(2) The definitions in this subsection apply to this section unless the context clearly requires otherwise.

(a) For the purpose of this section, "inflation" means the percentage change in the seasonally adjusted consumer price index for all urban consumers, Seattle area, for the most recent 12-month period as of September 25th of the year before the taxes are payable, using the official current base compiled by the United States bureau of labor statistics.

(b) "Maximum per-pupil limit" means:

(i) Two thousand five hundred dollars, as increased by inflation beginning with property taxes levied for collection in 2020, multiplied by the number of average annual full-time equivalent students enrolled in the school district in the prior school year, for school districts with fewer than forty thousand annual full-time equivalent students enrolled in the school district in the prior school year; or

(ii) Three thousand dollars, as increased by inflation beginning with property taxes levied for collection in 2020, multiplied by the number of average annual full-time equivalent students enrolled in the school district in the prior school year, for school districts with forty thousand or more annual full-time equivalent students enrolled in the school district in the prior school year.

(c) "Open for in-person instruction to all students" means that all students in all grades have the option to participate in at least 40 hours of planned in-person instruction per month and the school follows state department of health guidance and recommendations for resuming in-person instruction to the greatest extent practicable.

(d) "Prior school year" means the most recent school year completed prior to the year in which the levies are to be collected, except ((~~that in~~)) as follows:

(i) In the 2022 calendar year, if 2019-20 school year average annual full-time equivalent enrollment is greater than the school district's 2020-21 school year average annual full-time equivalent enrollment and the school district is open for in-person instruction to all students by the beginning of the 2021-22 school year, "prior school year" means the 2019-20 school year.

(ii) In the 2023 calendar year, if 2019-20 school year average annual full-time equivalent enrollment is greater than the school district's 2021-22 school year average annual full-time equivalent enrollment and the school district was open for in-person instruction to all students by the beginning of the 2021-22 school year, "prior school year" means the 2019-20 school year.

(3) For districts in a high/nonhigh relationship, the enrollments of the nonhigh students attending the high school shall only be counted by the nonhigh school districts for purposes of funding under this section.

(4) For school districts participating in an innovation academy cooperative established under RCW 28A.340.080, enrollments of students attending the academy shall be adjusted so that each participant district receives its proportional share of student enrollments for purposes of funding under this section.

(5) Beginning with propositions for enrichment levies for collection in calendar year 2020 and thereafter, a district must receive approval of an enrichment levy expenditure plan under RCW 28A.505.240 before submission of the proposition to the voters.

(6) The superintendent of public instruction shall develop rules and regulations and inform school districts of the pertinent data necessary to carry out the provisions of this section.

(7) Beginning with taxes levied for collection in 2018, enrichment levy revenues must be deposited in a separate subfund of the school district's general fund pursuant to RCW 28A.320.330, and for the 2018-19 school year are subject to the restrictions of RCW 28A.150.276 and the audit requirements of RCW 43.09.2856.

(8) Funds collected from levies for transportation vehicles, construction, modernization, or remodeling of school facilities as established in RCW 84.52.053 are not subject to the levy limitations in subsections (1) through (5) of this section.

**Sec.**  RCW 28A.500.015 and 2019 c 410 s 1 are each amended to read as follows:

(1) Beginning in calendar year 2020 and each calendar year thereafter, the state must provide state local effort assistance funding to supplement school district enrichment levies as provided in this section.

(2)(a) For an eligible school district with an actual enrichment levy rate that is less than one dollar and fifty cents per thousand dollars of assessed value in the school district, the annual local effort assistance funding is equal to the school district's maximum local effort assistance multiplied by a fraction equal to the school district's actual enrichment levy rate divided by one dollar and fifty cents per thousand dollars of assessed value in the school district.

(b) For an eligible school district with an actual enrichment levy rate that is equal to or greater than one dollar and fifty cents per thousand dollars of assessed value in the school district, the annual local effort assistance funding is equal to the school district's maximum local effort assistance.

(c) Beginning in calendar year 2022, for state-tribal education compact schools established under chapter 28A.715 RCW, the annual local effort assistance funding is equal to the actual enrichment levy per student as calculated by the superintendent of public instruction for the previous year for the school district in which the state-tribal education compact school is located, up to a maximum per student amount of one thousand five hundred fifty dollars as increased by inflation from the 2019 calendar year, multiplied by the student enrollment of the state-tribal education compact school in the prior school year.

((~~(d) For a school district that meets the criteria in this subsection and is located west of the Cascades in a county that borders another state, the annual local effort assistance funding is equal to the local effort assistance funding authorized under (b) of this subsection and additional local effort assistance funding equal to the following amounts:~~

~~(i) Two hundred forty-six dollars per pupil in the 2019-20 school year for a school district with more than twenty-five thousand annual full-time equivalent students; and~~

~~(ii) Two hundred eighty-six dollars per pupil in the 2019-20 school year for a school district with more than twenty thousand annual full-time equivalent enrolled students but fewer than twenty-five thousand annual full-time equivalent enrolled students.~~))

(3) The state local effort assistance funding provided under this section is not part of the state's program of basic education deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution.

(4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Eligible school district" means a school district where the amount generated by a levy of one dollar and fifty cents per thousand dollars of assessed value in the school district, divided by the school district's total student enrollment in the prior school year, is less than the state local effort assistance threshold.

(b) For the purpose of this section, "inflation" means, for any school year, the rate of the yearly increase of the previous calendar year's annual average consumer price index for all urban consumers, Seattle area, using the official current base compiled by the bureau of labor statistics, United States department of labor.

(c) "Maximum local effort assistance" means the difference between the following:

(i) The school district's actual prior school year enrollment multiplied by the state local effort assistance threshold; and

(ii) The amount generated by a levy of one dollar and fifty cents per thousand dollars of assessed value in the school district.

(d) "Prior school year" means the most recent school year completed prior to the year in which the state local effort assistance funding is to be distributed, except as follows:

(i) In the 2022 calendar year, if 2019-20 school year average annual full-time equivalent enrollment is greater than the school district's 2020-21 school year average annual full-time equivalent enrollment, "prior school year" means the 2019-20 school year.

(ii) In the 2023 calendar year, if 2019-20 school year average annual full-time equivalent enrollment is greater than the school district's 2021-22 school year average annual full-time equivalent enrollment, "prior school year" means the 2019-20 school year.

(e) "State local effort assistance threshold" means one thousand five hundred fifty dollars per student, increased for inflation beginning in calendar year 2020.

(f) "Student enrollment" means the average annual full-time equivalent student enrollment.

(5) For districts in a high/nonhigh relationship, the enrollments of the nonhigh students attending the high school shall only be counted by the nonhigh school districts for purposes of funding under this section.

(6) For school districts participating in an innovation academy cooperative established under RCW 28A.340.080, enrollments of students attending the academy shall be adjusted so that each participant district receives its proportional share of student enrollments for purposes of funding under this section.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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