

# SENATE BILL REPORT

## SHB 1590

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As Passed Senate - Amended, March 3, 2022

**Title:** An act relating to enrollment stabilization funding to address enrollment declines due to the COVID-19 pandemic.

**Brief Description:** Concerning enrollment stabilization funding to address enrollment declines due to the COVID-19 pandemic.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Dolan, Callan, Pollet, Bateman, Ramel, Wicks, Johnson, J., Senn, Ryu, Duerr, Walen, Goehner, Valdez, Davis, Fey, Ramos, Santos, Simmons, Wylie, Slatter, Kloba, Stonier, Riccelli, Hackney and Frame).

**Brief History:** Passed House: 2/11/22, 77-18.

**Committee Activity:** Ways & Means: 2/22/22, 2/28/22 [DPA, DNP].

**Floor Activity:** Passed Senate - Amended: 3/3/22, 28-21.

### Brief Summary of Bill (As Amended by Senate)

- Provides enrollment stabilization in the 2021-22 school year 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 enrollment amounts.
- Authorizes the use of 2019-20 enrollment values to calculate enrichment levy limits in the 2023 calendar year and to calculate local effort assistance in the 2022 and 2023 calendar years.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair,

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*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.*

Operating & Revenue; Billig, Carlyle, Conway, Dhingra, Hasegawa, Hunt, Keiser, Mullet, Pedersen, Van De Wege and Wellman.

**Minority Report:** Do not pass.

Signed by Senators Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Schoesler, Assistant Ranking Member, Capital; Honeyford, Ranking Minority Member, Capital; Braun, Gildon, Muzzall, Rivers, Wagoner and Warnick.

**Staff:** Kayla Hammer (786-7305)

**Background:** State Funding for K-12 Education. The general apportionment formula provides foundational state funding to school districts for basic education. The amount received by each school district varies based on certain characteristics of the district, with enrollment being the largest factor. Generally, enrollment drives the number of certificated, administrative, and classified staff, and the associated salaries and benefits, allocated to the district, as well as the allocation of funds for other non-employee related costs.

State funding formulas for special education, learning assistance, highly capable, transitional bilingual, institutional education, and transportation programs all use student enrollment as a primary factor in determining allocation amounts.

Local Enrichment Levies. School districts are authorized to raise funds locally through enrichment levies, which are voter approved and limited in duration. A district's maximum enrichment levy is limited to 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. A school district's prior school year average annual full-time equivalent enrollment (FTE enrollment) is used for determining the maximum per pupil limit.

In 2021, the Legislature revised the enrichment levy formulas for the 2022 calendar year, requiring that 2019-20 enrollment be used in place of 2020-21 enrollment if the 2019-20 enrollment was greater and the district was open for in-person instruction to all students by the beginning of the 2021-22 school year.

Local Effort Assistance. Local effort assistance (LEA), also known as levy equalization, is state funding provided to a school district that does not generate an enrichment levy of at least \$1,550 per student when levying at a rate of \$1.50 per \$1,000 of assessed value. An eligible school district's maximum LEA amount is the difference between the district's per pupil levy amount, based on a rate of \$1.50 per \$1,000 of assessed value, and \$1,550 per pupil, multiplied by the district's FTE enrollment. Districts that are eligible for LEA, but levy below a \$1.50 per \$1,000 rate receive LEA in proportion to their actual levy collection. A school district's prior school year FTE enrollment is used for determining LEA eligibility and calculating maximum local effort assistance.

COVID Enrollment Stabilization Funding. The 2021 Operating Budget provided general apportionment and categorical program enrollment stabilization funds for local education agencies if FTE enrollment in the 2020-21 school year was less than the funded FTE enrollment in the 2019-20 school year. This enrollment stabilization funding was reduced by the amount of total federal funding available to the local education agency under the Elementary and Secondary School Emergency Relief Fund (ESSER II).

Through ESHB 1476 (2021), the Legislature revised the enrichment levy formulas in the 2022 calendar year, requiring that 2019-20 enrollment be used in place of 2020-21 enrollment if the 2019-20 enrollment was greater and the district was open for in-person instruction to all students by the beginning of the 2021-22 school year.

**Summary of Amended Bill:** State Funding for K-12 Education. 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 the 2019-20 annual average enrollment values and formulas in place for the 2021-22 school year, then the Office of the Superintendent of Public Instruction (OSPI) must provide an enrollment stabilization amount to the local education agency in the 2021-22 school year.

Combined state revenue includes the amounts from the following allocations:

- general apportionment allocations;
- special education allocations;
- learning assistance program allocations;
- transitional bilingual program allocations
- highly capable program allocations;
- career and technical education and skill center allocations;
- institutional residential schools and detention facility allocations;
- dropout reengagement program allocations;
- alternative learning experience allocations; and
- running Start allocations.

A local education agency's enrollment stabilization amount is equal to 50 percent of the local education agency low enrollment impact—difference in local education agency's combined state revenue using 19-20 enrollment and 21-22 enrollment.

Local education agencies include school districts, charter schools, and state-tribal compact schools. Amounts allocated may be used for any allowable cost within any of the programs and are not part of the state's program of basic education.

Local Enrichment Levies. The revisions to the enrichment levy formulas authorized in 2021 are extended for the 2023 and 2024 calendar years. In the 2023 calendar year, 2019-20 enrollment must be used in place of the district's 2021-22 school year enrollment if the 2019-20 enrollment was greater and the district was open for in-person instruction to all students by the beginning of the 2021-22 school year. In the 2024 calendar year, 2019-20

enrollment must be used in place of the district's 2022-23 school year enrollment if the 2019-20 enrollment was greater and the district was open for in-person instruction to all students by the beginning of the 2021-22 school year.

Local Effort Assistance. For determining LEA eligibility and calculating maximum local effort assistance in the 2022 calendar year, prior school year means the 2019-20 school year if the 2019-20 enrollment is greater than the 2020-21 enrollment. For determining LEA eligibility and calculating maximum local effort assistance in the 2023 calendar year, prior school year means the 2019-20 school year if the 2019-20 enrollment is greater than the 2021-22 enrollment.

**Appropriation:** The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony on Substitute House Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: The levy hold harmless is important as enrollment is down and the committee knows why. The hold harmless must be addressed in statute and cannot be done in the budget like the enrollment stabilization. The funding would help alleviate the impacts to schools. Lower enrollment during an emergency does not result in less work for staff and stabilizing the funding is critical. Enrollments are down but not because the kids are gone but rather are temporarily not enrolled so addressing the temporary instability is important. The decline in enrollment results in less funding but the expenses have stayed "normal" during this time which is why this is an important bill. Having the levy hold harmless through 2024 is very important for stability to avoid disruptions in delivery of education to students. Some school boards report, a steady recovery of enrollment stabilization will provide temporary stability while things slowly return to normal. Small rural districts have a hard time filling vacancies and having to temporarily lay off staff due to budget reductions could be extra challenging for the small rural districts. There are bargaining contracts already in place with teachers for the coming year and those contracts have to be met, which is why this funding is important.

CON: At home learning has resulted in more parents seeing what is going on at the schools and resulted in parents removing their children from public school. Funding should be based on actual enrollment and if children are leaving, the districts need to determine why and address the issues. The public schools are failing, parents are unhappy and the test scores are way down; school districts and OSPI need to address this problem and not fund chairs that aren't full. On average students are funded \$17,000 per pupil and the taxpayer dollars should not go to fund missing kids.

**Persons Testifying:** PRO: Clifford Traisman, Bellevue, Olympia, Highline, and Seattle Public School Districts; Samantha Fogg, Seattle Council PTSA; Lizzy Sebring, Washington State PTA; Kyle Rydell, West valley School District; Graeme Sackrison, Member, North Thurston Public Schools School Board; Tom Seigel, Bethel School District; Vivian van Gelder, Parent advocate; Sara Betnel, Washington State School Directors' Association; Caitlin Tumlinson, Washington Education Association; Allison Snow, Bellevue Education Association/WEA; Brian Wharton, Superintendent, Yelm Community Schools; Charlie Brown, School Alliance, Federal Way, Tacoma and other School Districts; Tyler Muench, Office of Superintendent of Public Instruction.

CON: Julie Barrett, Conservative Ladies of Washington; Jeannie Magdua; David Tegeler, N/A; Jennifer Heine-Withee, Resolution Fitness; Lara Gabriel; Timothy Tooker; Natalie Poulson; William Shepard.

**Persons Signed In To Testify But Not Testifying:** No one.