

SENATE BILL REPORT

SB 5563

As of January 12, 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: Senators Wellman, Hasegawa, Conway, Dhingra, Kuderer, Nguyen, Pedersen, Randall, Stanford and Wilson, C..

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/12/22.

Brief Summary of Bill

- Provides proportional enrollment stabilization amounts 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 and 2024 calendar years and to calculate local effort assistance in the 2022 and 2023 calendar years.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Alexandra Fairfortune (786-7416)

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,

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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.

Local Effort Assistance. Local effort assistance (LEA), also known as levy equalization, is state funding that is 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 purposes of 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 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 must provide proportional enrollment stabilization amounts 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 proportional enrollment stabilization amount is equal to the statewide net enrollment impact (difference in combined state revenue generated using 19-20 and 21-22 enrollment) multiplied by its local education agency low enrollment impact (difference in local education agency's combined state revenue using 19-20 enrollment and 21-22 enrollment) divided by the statewide low enrollment impact (the sum of low enrollment impacts for all local education agencies).

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 under ESHB 1476 (2021) are extended for the 2023 and 2024 calendar year. 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 purposes of 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 purposes of 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: None.

Fiscal Note: Requested on January 5, 2022.

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

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