

# FINAL BILL REPORT

## ESHB 2049

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Synopsis as Enacted

**Brief Description:** Investing in the state's paramount duty to fund K-12 education and build strong and safe communities.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Bergquist, Pollet, Santos, Peterson, Fosse, Ryu, Ormsby, Parshley, Macri, Wylie, Berry, Ramel, Street, Gregerson, Doglio, Farivar, Reed, Reeves, Hill and Callan).

**House Committee on Finance**  
**Senate Committee on Ways & Means**

### **Background:**

#### Local School Enrichment Levies.

Local enrichment levies can be approved by voters within a school district as a property tax for enrichment beyond the state's statutory program of basic education. Enrichment levy collections are capped for school districts at the lesser of \$2.50 per \$1,000 of assessed property value in the district, or \$2,500 per pupil adjusted for inflation (\$3,149.69 in 2024) for school districts with less than 40,000 students. School districts with 40,000 or more students, subject to a per-pupil limit, are allowed to collect up to \$3,000 per pupil adjusted for inflation (\$3,779.63 in 2024). The inflation measure used is the consumer price index for all urban consumers, Seattle area (Seattle CPI).

#### Local Effort Assistance.

The state provides additional Local Effort Assistance (LEA) funding to school districts that would not generate an enrichment levy of at least \$1,550 per student based on prior year enrollment when levying at a rate of \$1.50 per \$1,000 of assessed value. An eligible school district's maximum LEA 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 student multiplied by the district's prior year enrollment. The \$1,550 per student limit, also known as the state LEA threshold, is adjusted annually by the Seattle CPI.

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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.*

## **Summary:**

### Enrichment Levies.

Beginning in the 2026 calendar year (CY), a school district's maximum per-pupil limit for enrichment levy purposes is increased as follows:

- The maximum per-pupil limit is increased by an inflation enhancement of \$500 above Seattle CPI for all school districts in CY 2026.
- The maximum per-pupil limit is increased for school districts with fewer than 40,000 students by an inflation enhancement of 3.3 percent above Seattle CPI each year from CY 2027 to CY 2030.
- Beginning in CY 2031, the maximum per-pupil limit is \$5,035 for all school districts, to be increased by Seattle CPI annually thereafter.

### Local Effort Assistance.

The inflation factor used to calculate LEA is changed from the Seattle CPI to the implicit price deflator for the previous calendar year using the official current base, compiled by the Bureau of Economic Analysis, United States Department of Commerce.

### Improving Equity in Kindergarten Through Grade 12 Funding.

The Superintendent of Public Instruction (SPI) is required to convene a kindergarten through grade 12 (K-12) funding equity workgroup to analyze options for revising K-12 funding formulas and revenue sources to be responsive to students' needs, including economic, demographic, and geographic differences. The SPI is authorized to contract with higher education and public, nonpartisan research entities to support the workgroup's analysis. The SPI may determine the composition and meeting frequency of the workgroup, provided that it includes representation from education and community partners that are demographically and geographically diverse and groups representing educators, school and district administrators, labor unions, families, students, community partners who support groups disproportionately impacted by inequities, the Department of Revenue (DOR), and legislators.

The workgroup's analysis must address:

- impacts of changes to per-pupil funding formulas and local revenue;
- compensation factors;
- distribution trends from the prototypical funding formulas;
- impacts of economic disparities on communities' access to resources for schools; and
- formulas that benefit specific populations, like the Learning Assistance Program, the LEA, and small school factors.

The SPI must use the workgroup's analysis to consider options for revising school funding formulas. By November 1, 2025, and annually thereafter, the SPI must report progress and any proposed options to the fiscal and education committees of the Legislature, which must include options that address:

- system and resource inequities;

- state, local, and regional needs;
- potential adoption of student weights;
- modifications to state and local tax authority for schools; and
- metrics to monitor equitable access to resources.

The DOR must provide relevant data and analysis to the SPI to support the requirement.

The statute establishing the workgroup expires December 1, 2027.

**Votes on Final Passage:**

House	50	48
Senate	28	20

**Effective:** July 27, 2025