

# HOUSE BILL REPORT

## ESHB 1476

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**As Passed House:**

March 8, 2021

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

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

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Dolan, Sullivan, Ortiz-Self, Callan, Santos, Ryu, Shewmake, Johnson, J., Valdez, Eslick, Rule, Lekanoff, Stonier, Ramel, Tharinger, Peterson and Pollet).

**Brief History:**

**Committee Activity:**

Appropriations: 2/9/21, 2/19/21 [DPS].

**Floor Activity:**

Passed House: 3/8/21, 90-7.

**Brief Summary of Engrossed Substitute Bill**

- Revises enrichment levy formulas in the 2022 and 2023 calendar years, requiring 2019-20 school year enrollments to be used in place of 2020-21 or 2021-22 for each year 2019-20 enrollment is greater if a school district is open for in-person instruction at the beginning of the 2021-22 school year.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chandler, Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Harris, Hoff, Johnson, J., Lekanoff, Pollet, Rude,

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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.*

Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 1 member: Representative Dye.

**Minority Report:** Without recommendation. Signed by 8 members: Representatives Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Jacobsen, Schmick and Steele.

**Staff:** James Mackison (786-7104).

### **Background:**

#### School Funding Formulas, Local Enrichment Levies, and Enrollment.

To determine funding allocations for K-12 public schools, the state uses a prototypical school formula and other program-specific formulas defined in statute. These formulas are largely enrollment-driven, meaning the greater the enrollment, the greater the allocations under state formulas. Enrollment is also a factor in determining enrichment funding from the state for Local Effort Assistance (LEA) and the maximum levy authority for local 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 a maximum per pupil limit of \$2,500 per-pupil increased for inflation, with districts larger than 40,000 students allowed to collect up to \$3,000 per pupil adjusted for inflation. Per-pupil amounts in the enrichment levy formula are multiplied by enrollment in the prior school year; for example, 2022 per-pupil amounts would be multiplied by enrollment in the 2020-21 school year.

#### Coronavirus Disease (COVID-19) and School Closures.

Coronavirus disease (COVID-19) is an infectious disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) virus. As a result of the virus, schools closed to in-person instruction in March 2020. For the 2020-21 school year, most students and schools have used remote learning models for instruction. For in-person instruction, schools are required to follow health and safety requirements that include social distancing and use of personal protective equipment.

#### K-12 Enrollment Declines in the 2020-21 School Year.

Enrollment in the 2020-21 school year has declined from the 2019-20 school year. For students in kindergarten through twelfth grades, full-time equivalent enrollment in January 2021 has declined nearly 4 percent from the previous year. Enrollments in other programs have also declined in the 2020-21 school year. Prior to this year, common school enrollments have grown in each of the last eight school years, since 2011-12.

### Elementary and Secondary School Emergency Relief Fund.

The federal government has provided emergency funding to schools in response to the COVID-19 pandemic. The Elementary and Secondary School Emergency Relief Fund (ESSER) was created in the Coronavirus Aid, Relief, and Economic Security Act (CARES) and later expanded under the Coronavirus Preparedness and Response Supplemental Appropriations Act (CRRSA). Under CRRSA, \$824 million is allocated to the state from the ESSER for COVID-19 impacts to schools. At least 90 percent of this funding must be provided as subgrants to local education agencies according to Title I, Part A federal formulas, which are based on percentages of low-income families served. The CRRSA defines the allowable uses for ESSER subgrants.

### **Summary of Engrossed Substitute Bill:**

Enrichment levy formulas in the 2022 and 2023 calendar years are revised, requiring 2019-20 enrollments to be used in place of 2020-21 or 2021-22 for each year 2019-20 enrollment is greater, if a school district is open for in-person instruction at the beginning of the 2021-22 school year, to calculate the maximum per-pupil limit used to calculate the maximum enrichment levy authority for school districts.

"Open for in-person instruction" is defined, and 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.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 23, 2021,

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) School districts support stabilization funding. Despite growing enrollment over the past several years, many districts have experienced enrollment drops of 4 to 6 percent or higher, and funding impacts in some cases of several million dollars. Larger impacts were in the younger grades. Local levies will also be impacted by the lower enrollment, with districts potentially unable to collect amounts authorized by voters.

Stabilization funding is needed for costs already incurred. Districts have increased support for things like nurses during the pandemic. Support for the two-year period is helpful, including for levy loss due to lower enrollment after this school year. As students return, they will need more help.

Stabilization funding will provide predictability and stability to students and districts. School districts are not asking for more money this year, but they are asking to maintain resource levels based on budgets made before the pandemic. Funding formulas were not built for a pandemic or extended time in remote learning and school closures.

School districts need more support immediately to maintain programs. The COVID-19 did not spread based on Title I, Part A formulas. All impacted districts should receive support.

Even with federal funding, enrollment drops, gaps between federal relief and need, and outcomes of upcoming levy votes create a potential three strikes situation for districts. If all three happen, districts would change drastically.

The title captures the intent of the bill, to address enrollment declines due to the COVID-19 pandemic. It will help districts stay whole. Maintaining funding when schools were closed last year was needed, and it is still needed for this year and next year. Some districts are open for in-person instruction but are still experiencing enrollment drops, resulting in lower funding when it is most needed.

Many programs are impacted by lower enrollment, including special education, bilingual, learning assistance, career and technical education, and highly capable programs. The ESSER funds are needed to address mental health needs and learning loss. The ESSER funds should be used for their intended purposes, and not as a replacement for state funds. Enrollment stabilization is important along with other policies that address impacts in transportation due to lower ridership, which should be considered as one issue. This bill is needed to bring students back to school.

(Opposed) None.

(Other) Enrollment stabilization creates an important safety net to state funding formulas, and there is support for the intent of the bill. There are concerns with federal funding offsetting state stabilization. Federal funding targets districts with higher poverty levels based on Title I, Part A formulas, which include groups most impacted by the pandemic. Federal relief dollars are subtracted from the state allocations, which is equal but not equitable. More resources are needed to respond in a pandemic, especially in historically underfunded communities.

Stabilization funding is urgently needed to restore and maintain staff, in particular classified employees who have been disproportionately impacted by the pandemic. This is a good bill, but it could be improved. We should not lock ourselves into reducing state allocations to districts with the prospect of new federal funding on the way. Districts need more federal and state money to recover from the pandemic.

The bill has the wrong focus. Many students have withdrawn because remote learning has failed them. This policy pays districts to educate empty seats. Disadvantaged groups are

the most impacted. Other bills address this issue by giving funding directly to families. Funding should go to families, not schools with lower enrollment.

**Persons Testifying:** (In support) Representative Dolan, prime sponsor; Jennifer Priddy, Olympia School District; John Polm, Puyallup School District; Jeff Snell, Camas School District; Jim Kowalkowski, Davenport School District; Clifford Traisman, Bellevue, Highline, Seattle and Olympia Public School Districts; Billy Wessell, Bethel School District; Teresa Main, Lake Stevens School District; Janice Kutzera, Washington State Parent Teacher Association; Monty Sabin, North Thurston Public Schools; and Cassidy Probert, NorthEast Washington Educational Service District 101.

(Other) Liv Finne, Washington Policy Center; Lorrell Noahr, Washington Education Association; and Rick Chisa, Public School Employees of Washington.

**Persons Signed In To Testify But Not Testifying:** None.