

FINAL BILL REPORT

SHB 1590

C 108 L 22
Synopsis as Enacted

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).

House Committee on Appropriations
Senate Committee on Ways & Means

Background:

School Funding Formulas and Enrollment.

To determine funding allocations for kindergarten through grade 12 (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 determines allocations for general education, Alternative Learning Experience (ALE) programs, special education, the Transitional Bilingual Instructional Program (TBIP), the Learning Assistance Program (LAP), highly capable programs, Career and Technical Education (CTE), skills centers, dropout reengagement programs, and institutional education.

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 and Local Effort Assistance.

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 increased for inflation, with districts larger

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than 40,000 students allowed to collect up to \$3,000 per pupil adjusted for inflation.

The state provides additional 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 is adjusted for inflation annually.

Enrollment Declines and 2020-21 Stabilization Funding.

Enrollments in the 2020-21 and 2021-22 school years have been 3 to 4 percent lower than 2019-20 enrollments prior to school closures due to the COVID-19 pandemic. Enrollments in categorical programs such as special education and TBIP are also lower compared to pre-pandemic levels. The 2021 Supplemental Operating Budget provided enrollment stabilization funds for local education agencies, which include school districts, charter schools, and tribal compact schools, if full-time equivalent (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 offset by the amount of total federal funding available to the local education agency under the Elementary and Secondary School Emergency Relief Fund from the federal COVID-19 Response and Relief Supplemental Appropriation.

The Legislature also 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. Using 2019-20 enrollments permits districts to collect more enrichment levy funding in calendar year 2022 than they would have with 2020-21 enrollment data.

Summary:

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 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 an enrollment stabilization amount to the local education agency in the 2021-22 school year equal to 50 percent of the difference in combined state revenues using 2019-20 enrollment and 2021-22 enrollment.

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.

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 Levy Stabilization.

The revisions to the enrichment levy formulas authorized for the 2022 calendar year are extended to 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.

Local Effort Assistance Stabilization.

For purposes of determining LEA eligibility and calculating the maximum LEA 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.

Votes on Final Passage:

House	77	18	
Senate	28	21	(Senate amended)
House	62	36	(House concurred)

Effective: March 23, 2022