

HOUSE BILL REPORT

SHB 1590

As Passed Legislature

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:

Committee Activity:

Appropriations: 2/5/22, 2/7/22 [DPS].

Floor Activity:

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

Senate Amended.

Passed Senate: 3/3/22, 28-21.

House Concurred.

Passed House: 3/8/22, 62-36.

Passed Legislature.

Brief Summary of Substitute Bill

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

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.

assistance in the 2022 and 2023 calendar years.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 6 members: Representatives Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Chandler, Dye and Steele.

Minority Report: Without recommendation. Signed by 5 members: Representatives Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Caldier, Rude and Schmick.

Staff: James Mackison (786-7104).

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 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 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 of Substitute Bill:

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 (OSPI) 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 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: Available.

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

Staff Summary of Public Testimony:

(In support) This bill provides stabilization for enrollments, levies, and local effort assistance based on 2019-20 enrollment. Districts were thoughtful in planning their budgets, considering the 2021 legislative changes. The staff and programs affected by this bill are real. There is a staffing crisis as staff work to both educate and keep students healthy during a pandemic. Loss of staff and programs are inevitable without the bill.

Many districts support this bill. Please support budget stability. As districts plan for next year, parents have their students in a holding pattern. There is a need to protect classrooms for when students return to support stability.

Stabilization is critical to provide the staff and resources necessary to teach and meet the needs of students. This policy allows districts to maintain staff and programs to address the opportunity gap. Enrollment is temporarily down. A loss of funding due to lower

enrollment will harm the districts' ability to keep staff and provide resources to students.

Even when a district adopts a conservative budget, circumstances beyond its control can cause financial issues. Contracts were already approved for this school year when the delta variant spiked just before it began. Many parents pulled students out of school, particularly students in kindergarten through third grades. Districts are not able to adjust staffing midyear. Districts did receive three rounds of federal emergency COVID-19 funds, but some of that cannot backfill revenue loss.

Districts continue to experience declines in enrollment due to COVID-19. Some districts have lost up to 9 percent of enrollment. Because of commitments to staff and fixed costs, this enrollment loss worsens funding shortfalls. Districts are having to shift between in-person and online instruction, in some cases very quickly. Some districts received less in federal assistance than the costs of responding to COVID-19.

Parents and families are clear that what they need from schools is stability. Please maintain funding budgeted in 2021 for schools, and stabilize formulas for levies and LEA. Schools are integral to communities and have stepped up to support public health and instruction during the pandemic. Schools are not staffed for the additional duties required to respond to the pandemic. Special education students have required new evaluations and supports, whether remote or in-person. Staff and teachers need to know their jobs are safe. Students need adults that they know and trust in schools. Schools must stay open to support families.

This is not about partisan politics, but fundamental rights to education. School budgets are tight and operate under state formulas. Funding does not account for additional needs during the pandemic or coverage when staff are sick. There is a need to maintain budgets that support students, including special education and underserved students. If free and appropriate education for every student cannot be supported, we have failed as a society.

This bill is one of the most important K-12 bills being addressed this year. Schools planned staffing needs before the delta and omicron variants. Without stabilization, schools would have to make unsustainable cuts to budgets. There is also support for the amendment to keep levies and LEA stabilization in the bill.

The pandemic continues to impact communities and schools. Last year, stabilization helped prevent layoffs of classified school staff that support students in many ways. Stabilization is still needed to maintain staffing for instructional support, food programs and pupil transportation. Students will return to schools sooner if classified staff are there waiting when they return.

There are many reasons for the temporary enrollment decline. Parents may be concerned about availability of vaccines, or mask and vaccine mandates. Think of the enrollment drop as redshirting kindergarten and first grade students. Schools are facing unprecedented instability due to staff shortages and the spread of COVID-19. Parents have confidence in

schools, and students will return. Many school districts will be asking voters to support levies, which should be supported. Please add predictability to school funding.

Educators, parents, and students understand the toll of remote learning and the pandemic, especially on students of color. Shutdowns can potentially deny students the opportunity to have a brighter future. Students of color are more impacted by learning loss. Adding this funding is critically important. Students of color were behind before COVID-19, and the pandemic has exacerbated the problem.

Enrollment declines are unprecedented and a direct result of COVID-19. Without stabilization, budgets will need to be adjusted midyear, disrupting student learning and support. This is not new or extra money. It just maintains continuity of services, and current budgets.

(Opposed) The state superintendent claims that enrollment declines are temporary, but the declines are not due to COVID-19. Schools are indoctrinating students with critical race theory, gender ideologies, and sex education. Families are incurring costs to remove students from public schools because of this indoctrination. Do not use taxpayer money to fund empty seats. Make schools accountable and give families a choice. Funds should follow students.

Two years ago, there were warnings of declining enrollment. Legislators have ignored the many parents opposed to this policy. Washington is an outlier compared to the rest of the world on school closures, masking requirements, and parental rights as they relate to mental health, hormone treatments, and abortions. Parents are removing students from school because of this. It is offensive to require the state to pay schools for those students that left.

(Other) This policy, known as a bill to fund "ghost students," is not good policy and has the wrong focus. Data are now available on school performance during the pandemic, and test scores are down. Minorities have been impacted to a greater extent. Students are leaving the system. Families have been materially hurt by schools, while districts have a billion dollars in unspent federal funds. To add funding to districts with declining enrollment to pay for "ghost students" is not the way to go.

Persons Testifying: (In support) Marissa Rathbone, Washington State School Directors' Association; Kyle Rydell, West Valley School District; Robert Maxwell, Pullman School District; Brian Wharton, Yelm Community Schools; Barbara Posthumus, School Alliance; Samantha Fogg and Manuela Slye, Seattle Council Parent Teacher Student Association; Charlie Brown, School Alliance, Tacoma, and Federal Way; Rick Chisa, Public School Employees of Washington; Lizzy Sebring, Washington State Parent-Teacher Association; Paula Sardinas, Washington Build-Back Black Alliance; and Jenny Plaja, Office of Superintendent of Public Instruction.

(Opposed) Julie Barrett, Conservative Ladies of Washington; and Beth Daranciang.

(Other) Liv Finne, Washington Policy Center.

Persons Signed In To Testify But Not Testifying: None.