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**SUBSTITUTE SENATE BILL 5563**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Wellman, Hasegawa, Cleveland, Conway, Dhingra, Kuderer, Nguyen, Nobles, Pedersen, Randall, Stanford, and C. Wilson)

READ FIRST TIME 02/07/22.

1 AN ACT Relating to enrollment stabilization funding to address  
2 enrollment declines due to the COVID-19 pandemic; amending RCW  
3 28A.500.015; reenacting and amending RCW 84.52.0531; creating new  
4 sections; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature recognizes that the  
7 COVID-19 pandemic has impacted the delivery of education across the  
8 state, as school districts resume in-person instructional models with  
9 heightened efforts to protect the health and well-being of students  
10 and staff and address the pandemic's impact on student learning. The  
11 legislature also recognizes that state funding formulas are largely  
12 driven by enrollment, and the pandemic has resulted in unforeseen,  
13 temporary enrollment declines in many districts. Funding declines due  
14 to temporary, unforeseen changes in enrollment can affect a  
15 district's ability to maintain the staffing and resources needed to  
16 deliver education services. Stabilization funding in the 2020-21  
17 school year provided important support for schools to maintain  
18 services amid enrollment declines. With this act and in the omnibus  
19 operating appropriations act, the legislature intends to extend  
20 stabilizing funding to districts that have seen temporary enrollment  
21 declines due to the COVID-19 pandemic for the final time.

1        NEW SECTION.    **Sec. 2.**    (1) If a local education agency's combined  
2 state revenue generated in the 2021-22 school year is less than what  
3 its combined state revenue would be using 2019-20 annual average  
4 enrollment values and formulas in place for the 2021-22 school year,  
5 then the superintendent of public instruction must provide an  
6 enrollment stabilization amount to the local education agency in the  
7 2021-22 school year. The enrollment stabilization amount shall be  
8 equal to 50 percent of the local education agency low enrollment  
9 impact.

10        (2) The definitions in this subsection apply throughout this  
11 section unless the context clearly requires otherwise.

12        (a) "Combined state revenue" means the combined amount from the  
13 following allocations to local education agencies:

14        (i) General apportionment allocations as described in RCW  
15 28A.150.260;

16        (ii) Special education allocations as described in RCW  
17 28A.150.390. Allocations for special education enrollment above  
18 2021-22 levels in kindergarten through 12th grades must be based on  
19 an excess cost multiplier of 0.995;

20        (iii) Learning assistance program allocations as described in RCW  
21 28A.150.260(10)(a). Learning assistance program allocations based on  
22 2019-20 enrollments must include the prior years' free or reduced-  
23 price meal percentages used for allocations in the 2020-21 school  
24 year;

25        (iv) Transitional bilingual program allocations as described in  
26 RCW 28A.150.260(10)(b);

27        (v) Highly capable program allocations as described in RCW  
28 28A.150.260(10)(c);

29        (vi) Career and technical education and skill centers allocations  
30 as described in RCW 28A.150.260 (4)(c), (7), and (9);

31        (vii) Allocations to support institutional education for  
32 residential schools as defined by RCW 28A.190.005 and of juveniles in  
33 detention facilities as identified by RCW 28A.190.010;

34        (viii) Dropout reengagement program allocations for eligible  
35 students under RCW 28A.175.100;

36        (ix) Alternative learning experience allocations as described in  
37 RCW 28A.232.020; and

38        (x) Running start allocations as described in RCW 28A.600.310.

1 (b) "Local education agency" means a school district, charter  
2 school, or state-tribal education compact school established under  
3 chapter 28A.715 RCW.

4 (c) "Local education agency low enrollment impact" is equal to a  
5 local education agency's combined state revenue that would be  
6 generated using 2019-20 annual average enrollment values and formulas  
7 in place for the 2021-22 school year minus its combined state revenue  
8 generated in the 2021-22 school year, if the difference is greater  
9 than zero.

10 (3) Enrollment stabilization amounts allocated under this section  
11 are not part of the state's program of basic education but may be  
12 used for any allowable cost within any of the programs.

13 **Sec. 3.** RCW 84.52.0531 and 2021 c 221 s 2 and 2021 c 145 s 22  
14 are each reenacted and amended to read as follows:

15 (1) Beginning with taxes levied for collection in 2020, the  
16 maximum dollar amount which may be levied by or for any school  
17 district for enrichment levies under RCW 84.52.053 is equal to the  
18 lesser of two dollars and fifty cents per thousand dollars of the  
19 assessed value of property in the school district or the maximum per-  
20 pupil limit. This maximum dollar amount shall be reduced accordingly  
21 as provided under RCW 43.09.2856(2).

22 (2) The definitions in this subsection apply to this section  
23 unless the context clearly requires otherwise.

24 (a) For the purpose of this section, "inflation" means the  
25 percentage change in the seasonally adjusted consumer price index for  
26 all urban consumers, Seattle area, for the most recent 12-month  
27 period as of September 25th of the year before the taxes are payable,  
28 using the official current base compiled by the United States bureau  
29 of labor statistics.

30 (b) "Maximum per-pupil limit" means:

31 (i) Two thousand five hundred dollars, as increased by inflation  
32 beginning with property taxes levied for collection in 2020,  
33 multiplied by the number of average annual full-time equivalent  
34 students enrolled in the school district in the prior school year,  
35 for school districts with fewer than forty thousand annual full-time  
36 equivalent students enrolled in the school district in the prior  
37 school year; or

38 (ii) Three thousand dollars, as increased by inflation beginning  
39 with property taxes levied for collection in 2020, multiplied by the

1 number of average annual full-time equivalent students enrolled in  
2 the school district in the prior school year, for school districts  
3 with forty thousand or more annual full-time equivalent students  
4 enrolled in the school district in the prior school year.

5 (c) "Open for in-person instruction to all students" means that  
6 all students in all grades have the option to participate in at least  
7 40 hours of planned in-person instruction per month and the school  
8 follows state department of health guidance and recommendations for  
9 resuming in-person instruction to the greatest extent practicable.

10 (d) "Prior school year" means the most recent school year  
11 completed prior to the year in which the levies are to be collected,  
12 except (~~that in~~) as follows:

13 (i) In the 2022 calendar year, if 2019-20 school year average  
14 annual full-time equivalent enrollment is greater than the school  
15 district's 2020-21 school year average annual full-time equivalent  
16 enrollment and the school district is open for in-person instruction  
17 to all students by the beginning of the 2021-22 school year, "prior  
18 school year" means the 2019-20 school year.

19 (ii) In the 2023 calendar year, if 2019-20 school year average  
20 annual full-time equivalent enrollment is greater than the school  
21 district's 2021-22 school year average annual full-time equivalent  
22 enrollment and the school district was open for in-person instruction  
23 to all students by the beginning of the 2021-22 school year, "prior  
24 school year" means the 2019-20 school year.

25 (3) For districts in a high/nonhigh relationship, the enrollments  
26 of the nonhigh students attending the high school shall only be  
27 counted by the nonhigh school districts for purposes of funding under  
28 this section.

29 (4) For school districts participating in an innovation academy  
30 cooperative established under RCW 28A.340.080, enrollments of  
31 students attending the academy shall be adjusted so that each  
32 participant district receives its proportional share of student  
33 enrollments for purposes of funding under this section.

34 (5) Beginning with propositions for enrichment levies for  
35 collection in calendar year 2020 and thereafter, a district must  
36 receive approval of an enrichment levy expenditure plan under RCW  
37 28A.505.240 before submission of the proposition to the voters.

38 (6) The superintendent of public instruction shall develop rules  
39 and regulations and inform school districts of the pertinent data  
40 necessary to carry out the provisions of this section.

1 (7) Beginning with taxes levied for collection in 2018,  
2 enrichment levy revenues must be deposited in a separate subfund of  
3 the school district's general fund pursuant to RCW 28A.320.330, and  
4 for the 2018-19 school year are subject to the restrictions of RCW  
5 28A.150.276 and the audit requirements of RCW 43.09.2856.

6 (8) Funds collected from levies for transportation vehicles,  
7 construction, modernization, or remodeling of school facilities as  
8 established in RCW 84.52.053 are not subject to the levy limitations  
9 in subsections (1) through (5) of this section.

10 **Sec. 4.** RCW 28A.500.015 and 2019 c 410 s 1 are each amended to  
11 read as follows:

12 (1) Beginning in calendar year 2020 and each calendar year  
13 thereafter, the state must provide state local effort assistance  
14 funding to supplement school district enrichment levies as provided  
15 in this section.

16 (2)(a) For an eligible school district with an actual enrichment  
17 levy rate that is less than one dollar and fifty cents per thousand  
18 dollars of assessed value in the school district, the annual local  
19 effort assistance funding is equal to the school district's maximum  
20 local effort assistance multiplied by a fraction equal to the school  
21 district's actual enrichment levy rate divided by one dollar and  
22 fifty cents per thousand dollars of assessed value in the school  
23 district.

24 (b) For an eligible school district with an actual enrichment  
25 levy rate that is equal to or greater than one dollar and fifty cents  
26 per thousand dollars of assessed value in the school district, the  
27 annual local effort assistance funding is equal to the school  
28 district's maximum local effort assistance.

29 (c) Beginning in calendar year 2022, for state-tribal education  
30 compact schools established under chapter 28A.715 RCW, the annual  
31 local effort assistance funding is equal to the actual enrichment  
32 levy per student as calculated by the superintendent of public  
33 instruction for the previous year for the school district in which  
34 the state-tribal education compact school is located, up to a maximum  
35 per student amount of one thousand five hundred fifty dollars as  
36 increased by inflation from the 2019 calendar year, multiplied by the  
37 student enrollment of the state-tribal education compact school in  
38 the prior school year.

1       ~~((d) For a school district that meets the criteria in this~~  
2 ~~subsection and is located west of the Cascades in a county that~~  
3 ~~borders another state, the annual local effort assistance funding is~~  
4 ~~equal to the local effort assistance funding authorized under (b) of~~  
5 ~~this subsection and additional local effort assistance funding equal~~  
6 ~~to the following amounts:~~

7       ~~(i) Two hundred forty-six dollars per pupil in the 2019-20 school~~  
8 ~~year for a school district with more than twenty-five thousand annual~~  
9 ~~full-time equivalent students; and~~

10       ~~(ii) Two hundred eighty-six dollars per pupil in the 2019-20~~  
11 ~~school year for a school district with more than twenty thousand~~  
12 ~~annual full-time equivalent enrolled students but fewer than twenty-~~  
13 ~~five thousand annual full-time equivalent enrolled students.)~~

14       (3) The state local effort assistance funding provided under this  
15 section is not part of the state's program of basic education deemed  
16 by the legislature to comply with the requirements of Article IX,  
17 section 1 of the state Constitution.

18       (4) The definitions in this subsection apply throughout this  
19 section unless the context clearly requires otherwise.

20       (a) "Eligible school district" means a school district where the  
21 amount generated by a levy of one dollar and fifty cents per thousand  
22 dollars of assessed value in the school district, divided by the  
23 school district's total student enrollment in the prior school year,  
24 is less than the state local effort assistance threshold.

25       (b) For the purpose of this section, "inflation" means, for any  
26 school year, the rate of the yearly increase of the previous calendar  
27 year's annual average consumer price index for all urban consumers,  
28 Seattle area, using the official current base compiled by the bureau  
29 of labor statistics, United States department of labor.

30       (c) "Maximum local effort assistance" means the difference  
31 between the following:

32       (i) The school district's actual prior school year enrollment  
33 multiplied by the state local effort assistance threshold; and

34       (ii) The amount generated by a levy of one dollar and fifty cents  
35 per thousand dollars of assessed value in the school district.

36       (d) "Prior school year" means the most recent school year  
37 completed prior to the year in which the state local effort  
38 assistance funding is to be distributed, except as follows:

39       (i) In the 2022 calendar year, if 2019-20 school year average  
40 annual full-time equivalent enrollment is greater than the school

1 district's 2020-21 school year average annual full-time equivalent  
2 enrollment, "prior school year" means the 2019-20 school year.

3 (ii) In the 2023 calendar year, if 2019-20 school year average  
4 annual full-time equivalent enrollment is greater than the school  
5 district's 2021-22 school year average annual full-time equivalent  
6 enrollment, "prior school year" means the 2019-20 school year.

7 (e) "State local effort assistance threshold" means one thousand  
8 five hundred fifty dollars per student, increased for inflation  
9 beginning in calendar year 2020.

10 (f) "Student enrollment" means the average annual full-time  
11 equivalent student enrollment.

12 (5) For districts in a high/nonhigh relationship, the enrollments  
13 of the nonhigh students attending the high school shall only be  
14 counted by the nonhigh school districts for purposes of funding under  
15 this section.

16 (6) For school districts participating in an innovation academy  
17 cooperative established under RCW 28A.340.080, enrollments of  
18 students attending the academy shall be adjusted so that each  
19 participant district receives its proportional share of student  
20 enrollments for purposes of funding under this section.

21 NEW SECTION. Sec. 5. This act is necessary for the immediate  
22 preservation of the public peace, health, or safety, or support of  
23 the state government and its existing public institutions, and takes  
24 effect immediately.

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