

SENATE BILL REPORT

ESSB 5192

As Passed Senate, March 6, 2025

Title: An act relating to school district materials, supplies, and operating costs.

Brief Description: Concerning school district materials, supplies, and operating costs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Nobles, Wellman, Chapman, Cortes, Dhingra, Hasegawa, Krishnadasan, Pedersen, Slatter, Stanford, Trudeau and Wilson, C.).

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/22/25, 1/30/25 [DP-WM, DNP, w/oRec].

Ways & Means: 2/11/25, 2/27/25 [DPS, w/oRec].

Floor Activity: Passed Senate: 3/6/25, 47-2.

Brief Summary of Engrossed First Substitute Bill

- Increases allocations for materials, supplies, and operating costs (MSOC) in the prototypical school model and provides that the increased allocation amounts may only be expended on MSOC.
- Provides that MSOC calculations must use a three-year rolling average for student enrollment and must be adjusted annually for inflation using the implicit price deflator.
- Eliminates MSOC categories in the prototypical school model but requires school districts to report disaggregated expenditures to the Office of the Superintendent of Public Instruction.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wellman, Chair; Nobles, Vice Chair, K-12; Wilson, C., Vice

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.

Chair, Early Learning; Harris, Ranking Member; Cortes, Hansen and Krishnadasan.

Minority Report: Do not pass.
Signed by Senator McCune.

Minority Report: That it be referred without recommendation.
Signed by Senator Dozier.

Staff: Alex Fairfortune (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5192 be substituted therefor, and the substitute bill do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Braun, Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Warnick, Wellman and Wilson, C..

Minority Report: That it be referred without recommendation.

Signed by Senators Dozier, Assistant Ranking Member, Capital; Boehnke and Wagoner.

Staff: Kayla Hammer (786-7305)

Background: The prototypical school model includes allocations per annual average full-time equivalent student for maintenance, supplies, and operating costs (MSOC), which are adjusted annually for inflation as specified in the operating budget.

General MSOC amounts are disaggregated by several categories, with the following values in statute:

- \$178.98 for technology;
- \$430.26 for utilities and insurance;
- \$164.48 for curriculum and textbooks;
- \$326.54 for other supplies;
- \$22.65 for library materials;
- \$28.94 for instructional professional development for certified and classified staff;
- \$206.22 for facilities maintenance; and
- \$146.37 for security and central office.

Of the above MSOC values, \$21 must be expended exclusively on MSOC, and not for any other purpose.

Additional MSOC amounts are provided for students in grades 9-12, with the following values in statute:

- \$44.05 for technology;
- \$48.06 for curriculum and textbooks;
- \$94.07 for other supplies;
- \$6.05 for library materials; and
- \$8.01 for instructional professional development for certified and classified staff.

MSOC amounts for students enrolled in career and technical education (CTE) courses are provided in the operating budget.

Summary of Engrossed First Substitute Bill: General and 9-12 Maintenance, Supplies, and Operating Costs Allocations. The MSOC allocations provided in the prototypical model are represented as one large sum per full-time equivalent (FTE) student, rather than disaggregated by category. The MSOC allocation amounts are increased to \$1,656.50 per student for general MSOC allocations and \$225.09 per student for additional 9-12 grade allocations. The increased allocation amounts are intended to address growing material, supply, and operating costs and may not be expended for any other purpose.

For purposes of calculating general and 9-12 grade MSOC allocations:

- a school district's FTE student enrollment is the average of the district's prior three school years' total annual average FTE enrollment; and
- inflation adjustments must be made using the implicit price deflator for the previous calendar year as of the beginning of the school year.

Beginning in the 2026-27 school year, each school district must annually report all MSOC expenditures, including but not limited to expenditures in the following categories, to the Office of the Superintendent of Public Instruction (OSPI):

- technology, including further disaggregation within this category for technology devices, technology support staff, software licensing, and technology or software maintenance and repair;
- election fees associated with school district board of directors elections;
- utilities;
- insurance;
- curriculum and textbooks not included under the technology category;
- library materials not included under the technology category;
- other supplies not included under other categories;
- nontechnology-related contracted instructional professional development for certificated and classified staff;
- facilities maintenance materials, supplies, and operating costs not funded by transfers from other funds;
- security and central office administration;
- dues and fees; and
- property and equipment not funded by transfers from other funds.

OSPI must report additional categories as determined necessary to meet other state and federal reporting requirements.

Career and Technical Education Maintenance, Supplies, and Operating Costs Allocations.

MSOC amounts for students enrolled in CTE courses must be calculated using the average of the district's prior three school years' total annual average FTE enrollment.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 27, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Early Learning & K-12 Education): PRO: State funding has not kept up with district expenses. This bill increases MSOC funding to ensure resources are provided. It includes strong accountability provisions and stabilizes fluctuations in enrollment with the three-year rolling average enrollment. There is a growing disparity between state funding and the cost of necessities, far exceeding the inflation rates. Insurance premiums have increased quickly, with reports of premium increases ranging from 85 percent to 168 percent. The compounding effect of funding shortages for special education, transportation, and MSOC has led to one district experiencing a \$26 million shortage in the last five years. Bellevue School District has a \$9 million MSOC funding gap, Tukwila has experienced an MSOC gap of \$8 million in the last five years, and Federal Way has experienced an MSOC gap of \$10 million in the last three years. The current gap is \$600 per student, and while this bill will not close the gap it will take a step in the right direction. School districts could have used those funds to put mental health therapists in schools or put resources towards student literacy.

OTHER: The Legislature should consider covering more costs. MSOC funding is allocated on a per-pupil basis but the expenses don't change due to the number of students in the building. These fixed costs need another approach. The state should consider a private insurance pool for school districts.

Persons Testifying (Early Learning & K-12 Education): PRO: Senator T'wina Nobles, Prime Sponsor; Dr. Kelly Aramaki, Superintendent, Bellevue School District; Dr. Concie Pedroza, Superintendent, Tukwila School District; Dr. Ivan Duran, Superintendent, Highline School District; Dr. Brent Jones, Superintendent, Seattle Public Schools; Dr. Shelley Redinger, Richland School District; Traci Pierce, Kennewick School District; Shane Backlund, ESD 105 Schools Coalition; Julie Salvi, Washington Education Association; Mary Templeton, Lake Stevens School District; Heather Tow-Yick, Issaquah School District; Ben Ferney, Cheney Public Schools; Rob Bryant, Federal Way Public Schools.

OTHER: Alexa Allman; Kelsi Hamilton, Chehalis School Board.

Persons Signed In To Testify But Not Testifying (Early Learning & K-12 Education):

PRO: Tricia Lubach, Executive Director, Washington State School Directors' Association; Joel Aune, Executive Director, Washington Association of School Administrators; Melissa Stone, Secretary, Washington State PTA; Lindsey Yocum, Lake Washington School District; Tyler Muench, Office of Superintendent of Public Instruction; Samantha Fogg, Seattle Council PTSA Co-President; Jim Kowalkowski, Rural Education Center; Krestin Bahr, Superintendent, Peninsula School District; Jeff Chamberlin, Superintendent, University Place School District; Lance Goodpaster, Superintendent, Franklin Pierce School District; DARCY HUFFMAN, Olympia School District Board of Directors; Doug Vanderleest, WA Association of Maintenance and Operation Administrators; Holly Wehner; Charlie Brown, WA Skills Centers Directors; Megan Fisher; Corinne Wolffe; Christine Remedios; Megan Livingston; Lauren Melvin; Teresa Yette; Jessica Woerschling ; Jilliana Anderson; Natalie Stanley Westmeyer, 10241 NE Beach Crest Dr; Christina Ulloa Purrelli; Nicole Minoza; Laurie Kline; Sydney Bond; Eliza Henderson; Erin MacDougall; Michael Henderson; Magda Pratt; Shannon Speicher; Brian Hunt, Oak Harbor Public Schools; Nadine Frost; Aaron Blumenthal; Danielle Wallace; Ryan Arnold; Bryan Frost; Gillian Macdonald; Genevieve Caruncho-Simpson; Natalie Phelps; Hannah Wilson; Rivkah Thomson; Sydney Swalberg; Rachel Ferm; Allison Borovsky; Shannon Elliott; Grace Feldman; Kristina Crawford; Wendy COLEBROOK; Kim Colebrook; Caitlin Kogan; Megan Halverson; Blythe Cozart; Anna Britt.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: MSOC supports all districts. The 10 percent increase is appreciated and is a top priority. There is a significant MSOC deficit. The basic education funding is critical and the proposal needs to be fully funded. Rising inflation has made it difficult to meet the basic needs of districts and puts an unfair burden on communities and districts are using enrichment funding. Small districts are feeling the impacts of rising costs. Insurance premiums and other MSOC costs are fixed costs that are rising exponentially. This bill will help close some of the funding gap. What could a district buy if it wasn't for the need to fund MSOC with its enrichment funding? This is lights on funding and the bill is a critical step forward.

Persons Testifying (Ways & Means): PRO: Melissa Gombosky, Spokane, Evergreen, Vancouver, and Richland School Districts; Tim Merlino, ESD 112; Ismael Vivanco, Northwest Educational Service District 189, superintendent; Rob Roettger, Northeast WA Educational Service District 101, Superintendent; Flip Herndon, Capital Region Educational Service District 113, Superintendent; Kyle Rydell, West valley School District; Michelle Harris, Shoreline PTA Council 6.12; Lindsey Yocum, Board Director, Lake Washington School District; Andi Tress, Everett Public Schools; Holly Muenchow, WSPTA - Washington State PTA; Mary Templeton, Lake Stevens School District; Samantha Fogg, Seattle Council PTSA Co-President; Julie Salvi, Washington Education

Association; Doug Vanderleest, WA Association of Maintenance & Operation Administrators; Jim Kowalkowski, Rural Education Center; Krestin Bahr, Peninsula School District; John Polm, Jr, Puyallup School District; Charlie Brown, Federal Way Public Schools; Meghan Jernigan, Shoreline School Board.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.