

HOUSE BILL REPORT

ESHB 2494

As Amended by the Senate

Title: An act relating to state funding for operating costs in schools.

Brief Description: Increasing state funding for operating costs in schools.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Bergquist, Rude, Simmons, Senn, Pollet, Callan, Paul, Macri, Stonier and Gregerson).

Brief History:

Committee Activity:

Appropriations: 2/5/24 [DPS].

Floor Activity:

Passed House: 2/13/24, 80-17.

Senate Amended.

Passed Senate: 3/1/24, 48-1.

Brief Summary of Engrossed Substitute Bill

- Updates and increases per pupil amounts for materials, supplies, and operating costs in state prototypical school funding formulas beginning in the 2023-24 school year.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 28 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Corry, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Berg, Callan, Chopp, Davis, Dye, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Stokesbary, Stonier and Tharinger.

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

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.

Minority Report: Without recommendation. Signed by 1 member: Representative Couture, Assistant Ranking Minority Member.

Staff: James Mackison (786-7104).

Background:

State school funding formulas include allocations per annual average full-time equivalent student for maintenance, supplies, and operating costs (MSOC). There are several categories of MSOC specified in state formulas. For the 2023-24 school year, total general education MSOC per pupil is anticipated to be \$1,483.44. The 2023-24 MSOC amounts by category are:

- \$178.98 for technology;
- \$416.26 for utilities and insurance;
- \$164.48 for curriculum and textbooks;
- \$326.54 for other supplies;
- \$22.65 for library materials;
- \$25.44 for instructional professional development for certified and classified staff;
- \$206.22 for facilities maintenance; and
- \$142.87 for security and central office.

The technology category includes \$25 per pupil outside the state's program of basic education that was added in the 2022-23 school year above statutorily required amounts.

Additional MSOC amounts are provided for students in grades 9 through 12 and students enrolled in career and technical education courses and skill centers.

Summary of Engrossed Substitute Bill:

The MSOC per pupil amounts defined in state prototypical formulas are updated in statute to the 2023-24 school year and include a \$21 per pupil increase, from \$1,483.44 to \$1,504.44 per pupil. The \$25 per pupil increase provided for technology in 2022-23 is added to statute.

The new 2023-24 general education MSOC per pupil amounts by category are:

- \$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.

The full amount of MSOC provided in the 2023-24 school year under the bill, including additional amounts, must be provided in that school year. The first month's MSOC payment after the bill is enacted must include the additional amounts from the beginning on the 2023-24 school year through that month.

EFFECT OF SENATE AMENDMENT(S):

Requires that the increased materials, supplies, and operating cost (MSOC) allocations of \$21 per student may not be expended for any purpose other than addressing growing costs in the enumerated MSOC categories.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 28, 2024.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) This bill provides immediate help to districts and will have a positive impact on every school in the state. For larger districts, it can provide anywhere from \$1 million to \$3 million in support. Costs are increasing because of inflation and other factors school districts cannot control. Districts should not have to use local funds for basic operating costs. While state investments have increased, they have not kept pace with the increasing needs of students. Insurance increases for cybersecurity and liability coverage are staggering. The budget crisis facing districts is about the needs of students. Additional funding in this supplemental year is helpful, but there will be a larger conversation for the next biennial budget about reforming funding.

(Opposed) Students in the state receive \$19,000 per pupil on average, \$4,000 more than the national average. Funding and teacher salaries have increased significantly over the past decade, but they have not improved student performance. Equitable funding for charter schools and increased innovation and choice are better approaches. Students want a cost-effective system, not one that is coercive and ideological. The focus should be on instruction, rather than issues of mental health, sex, race, and gender. Unions, rather than the lack of money, are the problem. The lack of transparency in district budgets and the use of COVID-19 funds is frustrating. Districts do not know how much funding for MSOC makes it into the classroom. Declining enrollment is the core problem, but few districts are thinking about why it is happening. This bill was rushed. Employees may benefit from the increased funding, but students will not.

(Other) Improving compensation for the lowest wage workers is more important than increasing non-staff funding. While flexibility in funding formulas is typically preferred, it

is not the right approach for classified staff.

Persons Testifying: (In support) Representative Steve Bergquist, prime sponsor; Clifford Traisman, Seattle, Bellevue, Highline, and Northshore Public School Districts; Michelle Harris, Washington State Parent Teacher Association; Jim Kowalkowski, Rural Education Center; Sandy Hayes, Washington State School Directors' Association; Tyler Muench, Office of the Superintendent of Public Instruction; and Peter Finch, West Valley School District #208.

(Opposed) Liv Finne, Washington Policy Center; Loretta Byrnes; John Axtell; Andy Cilley; Stuart Jenner; Sharon Damoff; Nicole Wellls; Mary Long, Conservative Ladies of Washington; Gabriel Jacobs; and Laurie Layne.

(Other) Rick Chisa, Public School Employees of Washington.

Persons Signed In To Testify But Not Testifying: None.