

Multiple Agency Fiscal Note Summary

Bill Number: 1476 HB	Title: Enrollment declines/OSPI
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Estimated Cash Receipts

NONE

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI		124,000,000				
Loc School dist-SPI	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.					
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Superintendent of Public Instruction	.0	124,000,000	124,000,000	124,000,000	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	0.0	124,000,000	124,000,000	124,000,000	0.0	0	0	0	0.0	0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI			124,000,000						
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 2/ 9/2021
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Individual State Agency Fiscal Note

Bill Number: 1476 HB	Title: Enrollment declines/OSPI	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
General Fund-State 001-1	96,000,000	28,000,000	124,000,000	0	0
Total \$	96,000,000	28,000,000	124,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 02/02/2021
Agency Preparation: TJ Kelly	Phone: 360 725-6301	Date: 02/09/2021
Agency Approval: Michelle Matakas	Phone: 360 725-6019	Date: 02/09/2021
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 defines enrollment stabilization funding as (a) minus (b) if the result of that equation is greater than zero.

The bill defines (a) as the amount needed to bring total allocations for all programs and enrollment groups listed in (b) of this section up to an amount calculated using 2019-20 annual average enrollment values and formulas in place for the 2020-21 school year.

A district/program is eligible for stabilization funds if enrollment in the 2020-21 school year is less than funding annual average enrollment in the 2019-20 school year and using 2019-20 annual average enrollment values does not result in less funding within the program to the LEA.

Programs and enrollment groups that may be eligible for stabilization funds include K-12 general education (including ALE), funding for students with disabilities based on an excess cost multiplier of 0.995, enrollment in the transitional bilingual program, institutional education programs, the highly capable program, the dropout reengagement program, CTE, and Skill Center programs.

Section 4 allows for OSPI to provide the enrollment stabilization funding in the same manner described in section (1) and (2) of this bill for the 2021-22 school year if enrollment in 2021-22 is less than the enrollment funded in school year 2019-20.

Section 5 allows the following for the 2022 and 2023 school years:

Maximum per-pupil limit for levies must be based on a school district's 2019-20 school year annual average enrollment if greater than 2020-21 or 2021-22 school year annual average full-time equivalent enrollment.

Local effort assistance calculations must be based on 2019-20 school year enrollment if greater than 2020-21 or 2021-22 school year enrollment.

Section 6 states that enrollment for the LAP program allocations after the 2020-21 school year must use the 2019-20 school learning assistance program enrollment in place of 2020-21 or 2021-22 school year enrollment if 2019-20 is greater.

Section 7 states that any future federal COVID-19 relief funds may be included in section 1(b) of this section to be subtracted from the maximum enrollment stabilization allocation in the omnibus appropriations act.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The overall total cost of this bill is indeterminate due to the lack of district by district enrollment projections for future school years as would be necessary for section 5 costs. In addition, section 7 introduces some indeterminate costs as described below.

OSPI has provided cost estimates for sections 1 through 4 of the bill based on the final average annual full-time equivalent enrollment from the 2019-20 school year and the year-to-date annual average full-time equivalent enrollment through January for the 2020-21 school year. Federal funds used to offset the differential in enrollment based on 2020-21 funding drivers described in the bill or those provided as ESSER II funds. In order to treat districts consistently, OSPI included federal ESSER II funds that would be provided to districts who were not eligible for or declined title I funding through the OSPI 10% set aside.

Based on these assumptions, OSPI estimates 250 districts would receive less funding based upon 2020-21 enrollment than they would using 2019-20 enrollment when both are calculated using 2020-21 funding drivers. Because of the nature of the policy, this fiscal note represents the sum impact of negative values not the overall sum values for the state. The sum of negative values across the all programs funded through the prototypical school funding formula, including special education totals \$536 million. For comparison, if we were to take the sum of all impacts, not just the negative, the total is \$477 million.

Using these same parameters for estimating the impact on funding for institutional education programs, OSPI estimates that 23 districts or ESDs would receive less funding. The sum of the negative values in this calculation total \$2.9 million.

Taking the sum of negative values in the prior two paragraphs leaves a total for deficit districts of \$539 million. When OSPI compares the allocation via the Title I methodology of the federal ESSER II funds by district to the district specific impact of the funding deficit comparing last school year's enrollment to this year's, it is estimated that the total state cost of this bill for school year 2020-21 is \$124 million. The cost can be broken out by fiscal year as \$96 million in fiscal year 2021 and \$28 million in fiscal year 2022.

Section 5 of the bill is indeterminate based on the inability of OSPI to accurately project district by district enrollment patterns for school years 2021-22 and 2022-23 during the recovery period of the COVID-19 pandemic. The cost of the bill for any of the mentioned programs or revenue streams would essentially be the difference between the formula allocations and the floor funding levels as calculated by allowable enrollment levels.

Section 7 of the bill is indeterminate because OSPI cannot reasonably project the timing, amount, or allocation methodology of any additional funding in federal COVID-19 relief packages.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	96,000,000	28,000,000	124,000,000	0	0
Total \$			96,000,000	28,000,000	124,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	96,000,000	28,000,000	124,000,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	96,000,000	28,000,000	124,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1476 HB	Title: Enrollment declines/OSPI	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
School District Local-Private/Local NEW-7	96,000,000	28,000,000	124,000,000		
Total \$	96,000,000	28,000,000	124,000,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
School District Local-Private/Local NEW-7	96,000,000	28,000,000	124,000,000	0	0
Total \$	96,000,000	28,000,000	124,000,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

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- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: James Mackison	Phone: 360-786-7104	Date: 02/02/2021
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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 defines enrollment stabilization funding as (a) minus (b) if the result of that equation is greater than zero.

The bill defines (a) as the amount needed to bring total allocations for all programs and enrollment groups listed in (b) of this section up to an amount calculated using 2019-20 annual average enrollment values and formulas in place for the 2020-21 school year.

A district/program is eligible for stabilization funds if enrollment in the 2020-21 school year is less than funding annual average enrollment in the 2019-20 school year and using 2019-20 annual average enrollment values does not result in less funding within the program to the LEA.

Programs and enrollment groups that may be eligible for stabilization funds include K-12 general education (including ALE), funding for students with disabilities based on an excess cost multiplier of 0.995, enrollment in the transitional bilingual program, institutional education programs, the highly capable program, the dropout reengagement program, CTE, and Skill Center programs.

Section 4 allows for OSPI to provide the enrollment stabilization funding in the same manner described in section (1) and (2) of this bill for the 2021-22 school year if enrollment in 2021-22 is less than the enrollment funded in school year 2019-20.

Section 5 allows the following for the 2022 and 2023 school years:

Maximum per-pupil limit for levies must be based on a school district's 2019-20 school year annual average enrollment if greater than 2020-21 or 2021-22 school year annual average full-time equivalent enrollment.

Local effort assistance calculations must be based on 2019-20 school year enrollment if greater than 2020-21 or 2021-22 school year enrollment.

Section 6 states that enrollment for the LAP program allocations after the 2020-21 school year must use the 2019-20 school learning assistance program enrollment in place of 2020-21 or 2021-22 school year enrollment if 2019-20 is greater.

Section 7 states that any future federal COVID-19 relief funds may be included in section 1(b) of this section to be subtracted from the maximum enrollment stabilization allocation in the omnibus appropriations act.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Total school district revenue for the note is equal to state expenditures and is therefore indeterminate overall. OSPI can project the estimated impacts of sections 1 through 3 of the bill. Those impacts total \$124 million for the 2020-21 school year, or \$96 million in state fiscal year 2021 and \$28 million in state fiscal year 2022.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

School district expenditures are equal to school district revenue and are therefore indeterminate. The bill does not require school districts to take any specific action such as maintaining a specific staffing ratio beyond what is in current law. Due to that fact and that the prototypical school funding model is for allocation purposes only, OSPI estimates that school districts will spend an amount equal to what they receive.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
NEW-7	School District Local	Private/Local	96,000,000	28,000,000	124,000,000	0	0
Total \$			96,000,000	28,000,000	124,000,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	96,000,000	28,000,000	124,000,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	96,000,000	28,000,000	124,000,000	0	0

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required