

HOUSE BILL REPORT

HB 1812

As Reported by House Committee On:

Education

Title: An act relating to school districts' levy bases.

Brief Description: Regarding school districts' levy bases.

Sponsors: Representatives Hunter, Tom, Anderson, Fromhold, Rockefeller, Ruderman, Jarrett, McDermott, Clibborn, Murray, Quall, Grant, Nixon, Moeller and Santos.

Brief History:

Committee Activity:

Education: 2/24/03, 3/4/03 [DP].

Brief Summary of Bill

- Revises the levy base formula so school districts don't lose levy authority when the districts' maintenance level budgets are reduced by the state.

HOUSE COMMITTEE ON EDUCATION

Majority Report: Do pass. Signed by 11 members: Representatives Quall, Chair; McDermott, Vice Chair; Talcott, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Anderson, Cox, Haigh, Hunter, McMahan, Rockefeller and Santos.

Staff: Susan Morrissey (786-7111).

Background:

In 1977 when the state assumed additional responsibility for funding schools, the Legislature limited school district maintenance and operation levy authority by passing the levy lid law. This law determines the maximum amount that school districts can collect through local maintenance and operation levies, also called excess levies. The original 1977 law, which took effect in 1979, sought to limit levy revenue to 10 percent of a school district's state basic education allocation. It also contained a grandfather clause that permitted districts that historically relied heavily on levies to exceed the 10 percent limit. The levy lid law has subsequently been modified 10 times. A number of the changes revised the calculation of a district's levy base. Under the 1977 law, the levy

base was limited to the amount a district received from the state for basic education. In 1979 state categorical funding such as funds for transportation and special education were added to the base. In 1987 revenue was added to the levy base from certain federal programs and state block grants. In 1992 the base was further expanded by adding the percentage increase in state basic education, divided by 55 percent. The current formula for the levy lid is:

(levy base × levy authority percentage) ÷ transfers = maximum possible levy equalization

Under current law, a district's levy base includes most state and federal revenues for the prior school year. The base is further increased by the percentage increase in state basic education funding per student between the prior and current school years, divided by 55 percent. Under the levy lid formula, most districts may request of the voters and collect 24 percent of the total state and federal funds received by the district (the district's levy base). There are 91 school districts that are grandfathered in at higher percentages that range between 24.1 percent and 34 percent.

Summary of Bill:

Each district's levy base, for purposes of calculating levy authority and levy equalization, is increased by the same percentage that the appropriations to school districts in the state omnibus appropriations act are decreased from maintenance level funding. These percentage changes are cumulative from year to year. When state appropriations increase from maintenance level, each district's levy base is decreased by half of the state appropriation increase. This percentage decrease will only be made to district levy bases when the cumulative percentage adjustments are greater than zero. A district's adjusted levy base will never be less than the actual revenues received by the district.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2004.

Testimony For: This legislation poses a workable solution to a confounding problem. Every dollar cut from a school district's budget means a loss in levy funding as well. When voters have already approved a levy, it means that the district will not be able to provide the programs and services that voters, by a supermajority, have already supported. Last year's budget cuts may result in a loss of \$30 million previously approved levy dollars. This loss of local funding will affect 29 school districts that serve 31 percent of the state's public school students. If school districts are asked to absorb an

additional 3 percent reduction in state funding this year, the resulting loss of local funding will impact 73 school districts serving 61 percent of the state's students. Basic education only partially funds school district programs, so local funding is necessary to fund the other educational opportunities desired by each community.

Testimony Against: None.

Testified: Representative Hunter, prime sponsor; Randy Parr, Washington Education Association; Steve Miller, League of Education Voters; Judy Bushnell, Bellevue School District, Bellevue Chamber of Commerce; and Don Saul, Lake Washington School District.