

HOUSE BILL REPORT

EHB 2044

As Passed House:

January 29, 2004

Title: An act relating to school district levy base calculations.

Brief Description: Changing the school district levy base calculation.

Sponsors: By Representatives Hunter, Tom, Jarrett, Clibborn, Fromhold and Ruderman.

Brief History:

Committee Activity:

Appropriations: 3/5/03, 3/8/03 [DP].

Floor Activity:

Passed House: 1/29/04, 55-43.

Brief Summary of Engrossed Bill

- Expands the calculation of the levy base for the purpose of determining school district maximum levy authority in calendar years 2005 through 2008 and for the purpose of determining levy equalization in calendar years 2006 through 2008.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 14 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Dunshee, Grant, Hunter, Kagi, Kenney, McIntire, Miloscia, Pflug, Ruderman and Schual-Berke.

Minority Report: Do not pass. Signed by 13 members: Representatives Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cox, DeBolt, Kessler, Linville, McDonald, Sump and Talcott.

Staff: Denise Graham (786-7137).

Background:

Levy Lids

In 1977, when the state assumed additional responsibility for funding schools, the Legislature limited school district maintenance and operation levy authority by enacting the levy lid law. This law determines the maximum amounts school districts can collect through local maintenance and operation levies. Most districts can raise up to 24 percent of their levy base through voter approved levies. Ninety-one school districts are grandfathered at higher percentages that range from 24.01 percent to 33.9 percent. A district's levy base includes most state and federal revenues received by the district in the prior school year.

Salaries

Included in state basic education allocations to school districts are amounts for salaries for certificated instructional staff (CIS), which includes teachers, counselors, and librarians; certificated administrative staff; and classified staff. The allocations for CIS are based on a salary allocation schedule, or grid, that recognizes experience and education. Most school districts receive CIS salary allocations based on the statewide salary allocation schedule. Thirty-four districts, however, are known as "grandfathered districts" and receive CIS salary allocations based on higher salary allocation schedules. The grandfathered districts' salary allocation schedules compared to the statewide salary allocation schedule range from .08 percent higher in Cosmopolis to 6.3 percent higher in Everett.

State allocations for basic education certificated administrative and classified staff salaries are based on a salary called out for each district, by type of staff, in a document that is incorporated into the budget bill by reference. Administrative salaries for 2002-03 school year allocations range from a low of \$30,583 in Evaline to a high of \$74,541 in Skykomish, Columbia in Stevens County, St. John, and Harrington. Classified salaries for 2002-03 school year allocations range from a low of \$21,266 in Damman to a high of \$32,173 in Seattle.

Levy Equalization

In 1987 the Legislature enacted a program to help equalize local levy funding for school districts with above average tax rates due to low property valuations. This assistance is called local effort assistance (LEA) in law, but is commonly known as levy equalization.

School districts are eligible for LEA funds if they have a 12 percent levy rate that exceeds the statewide average 12 percent levy rate. The 12 percent levy rate is the tax rate needed to collect a levy equal to 12 percent of the district's levy base. In determining the rates, assessed valuations are adjusted to bring property assessments to 100 percent of market value.

A district must certify an excess or special levy in order to receive LEA funding. In calendar year 2004, 217 of the state's 296 school districts are receiving LEA allocations

totaling \$164 million. Eighteen additional districts were eligible but did not pass a maintenance and operation levy to qualify for state matching money. These funds may be spent on any general fund program or purpose.

Summary of Engrossed Bill:

A school district's levy base is increased by the difference between the district's actual state and federal revenues and the revenues the district would have received if the district's basic education allocations had been based on the highest salaries for state allocation purposes for certificated instructional staff, certificated administrative staff, and classified staff. The levy base is increased for purposes of calculating maximum levy authority for calendar years 2005 through 2008, and for purposes of calculating levy equalization for calendar years 2006 through 2008.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2003.

Testimony For: When state funding decreases, levy bases are reduced and local levy authority also decreases. But voters have already approved higher levies. This bill will eliminate part of this double whammy and will help mitigate some of the pending lay-offs in some districts. This bill doesn't require any state money and it does not hurt any district. It helps districts at their levy lid and allows all districts to collect their voter-approved levy amounts. It will level the playing field painlessly, and help districts attract good educators.

Testimony Against: None.

Testified: Representative Hunter, prime sponsor; Marcia Fromhold, Evergreen School District; Paul Mills, Bellevue School District; and Randy Parr, Washington Education Association.