
Education Committee

SSB 6211

Brief Description: Changing the school district levy base calculation.

Sponsors: Senate Committee on Education (originally sponsored by Senators Carlson, Kohl-Welles, Esser, Swecker, Schmidt, Finkbeiner, Brandland, Pflug, Roach, Rasmussen and Murray).

Brief Summary of Substitute Bill

- Increases certain districts' levy bases for purposes of calculating levy authority in calendar year 2005 by an additional per pupil adjustment inflator specified in the budget bill. The increase applies only to those districts with voter approved levies in place for calendar year 2005 by November 1, 2003. The increase does not apply to the calculation of levy equalization.
- Requires actual direct federal revenues be used in determining each district's levy base.
- Removes from the calculating for a district's levy base those revenues received by the district as a fiscal agent.

Hearing Date: 2/25/04

Staff: Sydney Forrester (786-7120).

Background:

Under current law, most school districts may raise 24 percent of the district's levy base. There are 91 school districts that 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. The levy revenue formula increases the base by multiplying the district's state and federal revenues by the per pupil percentage change called out in the budget bill, divided by 55 percent.

School districts receive most of their federal grant dollars indirectly through the Office of the Superintendent of Public Instruction. There are some federal grant dollars, however, that districts receive directly from the federal government. Most of the district revenues included in the levy base calculation are the actual dollars received by each district. The direct federal grant revenues included in the levy base, however, are estimates provided by the districts rather than actual

dollars. The 2002 Joint Task Force on Local Effort Assistance found that some districts over-estimate their federal direct grants. As a result, some districts may become eligible for local effort assistance that would not otherwise be eligible and some districts are able to collect more in levy revenues than they would otherwise.

The joint task force also found that districts that are fiscal agents for federal grants can increase their levy base by including the entire federal grant in their levy base, not just their share. (A district is a fiscal agent if federal grants are funneled through the district for the use of a number of school districts or other public entities.) As a result, some districts may become eligible for local effort assistance that would not otherwise be eligible and some districts are able to collect more in levy revenues than they would otherwise.

An administrative rule change effective beginning with calendar year 2005 levy collections requires that (1) actual direct federal revenues from two years prior to the year for which the calculations are being made be used in determining each district's levy base and (2) revenues received by a district as a fiscal agent not be included in the levy base calculation.

Summary of Bill:

For school districts with voter approved levies for calendar year 2005 in place prior to November 1, 2003 and for purposes of calculating levy authority in calendar year 2005 in place, a school district's levy base is increased by an additional "per pupil adjustment inflator" that will be specified in the biennial budget. These additional amounts will not be used in the calculation of local effort assistance (levy equalization) allocations.

Beginning with the calculations for calendar year 2005 levy authority and levy equalization, included in the levy base will be actual direct federal grant revenues received by each district from two years prior to the year for which the calculations are being made. Beginning with the calculations for calendar year 2005, revenues received by a district as a fiscal agent shall not be included in the levy base calculation.

Appropriation: None.

Fiscal Note: Requested on February 24, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.