

# SENATE BILL REPORT

## SB 5774

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As of March 4, 2009

**Title:** An act relating to school levy equalization.

**Brief Description:** Regarding school levy equalization.

**Sponsors:** Senators Schoesler, Honeyford and Morton.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 2/19/09.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Brandon Roché (786-7405)

**Background:** Initiative 728, adopted by Washington voters in November 2000, dedicated lottery proceeds and a portion of the state property tax to educational purposes by transferring revenues to the Student Achievement Fund and the Education Construction Account. Furthermore, the Education Legacy Trust Account was created in 2005 to receive taxes, penalties, interests, and fees from the Estate and Transfer Tax Act which may be distributed to the Student Achievement Fund.

Student Achievement Fund monies are to be allocated to school districts based on an annual amount per full-time equivalent student. The amount per full-time equivalent student in 2008-2009 is \$458.10; maintenance level funding for 2009-2010 is projected to be \$459.93.

Student Achievement Funds may be used for:

- reducing class sizes by hiring additional teaching in grades K-4;
- make selected reductions in class size in grades 5-12, such as small high school writing classes;
- making necessary capital improvements to house the reduced class sizes;
- creating extended-learning opportunities for students;
- providing professional development for educators; and
- providing early childhood programs.

The Local Effort Assistance Program (LEA) was originally implemented in 1989 and seeks to equalize the tax burden on communities who choose to fund "enrichment programs" in local schools through tax levies. The language of the statute has always included wording

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that the funds are not part of the district's basic education allocation. Exempting the LEA funding from the basic education allocation means the funds can be diminished without it being a violation of Washington's constitutional duty to fund basic education.

**Summary of Bill:** The Education Legacy Trust Account is not to be used for funding the Student Achievement Fund. The statute allocating part of state property tax proceeds into the Student Achievement Fund is repealed.

The allocation rate made out of the Student Achievement Fund, per full-time equivalent student, is to be \$275 in 2009-2010. The amount is adjusted for inflation in each subsequent year.

Student Achievement Funds are only to be used to:

- reduce class sizes by hiring certificated elementary classroom teachers in grades K-4 and paying non-employee related costs associated with those new teachers;
- make selected reductions in class size in grades 5-12, such as small high school writing classes; and
- make necessary capital improvements to house the reduced class sizes.

LEA funding is to be considered part of a school district's basic education allocation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on September 1, 2009.

**Staff Summary of Public Testimony:** PRO: The issue of levy equalization has already been paramount in property poor districts. There are many districts that are largely on government land and thus have a very poor property tax base. Levy equalization has always been important for a variety of reasons. Trying to keep some measure of equitable financing is our goal.

CON: Budget reductions should be spread equally across all school districts. We would love to have levy equalization as part of basic education but we think this runs afoul of the state's uniform education obligation. We're opposed to the sections of the bill affecting I-728. It's one thing to make temporary reductions to these funds but quite another to do so permanently. Basically, we think the intentions are good but this bill highlights the reasons we're in a funding crisis. The problem is that this would only help certain districts and does not look at the system as a whole. These issues are very clear and real but they need to be considered in the total context of the whole system. Cuts coming to K-12 should be fair and equitable. It's unwise to remove options from the districts in a time when resources are scarce.

**Persons Testifying:** PRO: Senator Schoesler, prime sponsor.

CON: Bill Freund, Washington Education Association; Barbara Mertens, Washington Association of School Administrators; Mitch Denning, Alliance of Educators Association.