

SENATE BILL REPORT

SHB 1815

As Reported by Senate Committee On:
Ways & Means, March 22, 2011

Title: An act relating to preserving the school district levy base.

Brief Description: Preserving the school district levy base.

Sponsors: House Committee on Education Appropriations & Oversight (originally sponsored by Representatives Sullivan, Anderson, Haigh, Dammeier, Parker, Maxwell, Reykdal and Santos).

Brief History: Passed House: 3/03/11, 88-9.

Committee Activity: Ways & Means: 3/16/11, 3/22/11 [DPA, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Brown, Conway, Fraser, Hatfield, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Hewitt, Holmquist Newbry, Honeyford and Schoesler.

Staff: Elise Greef (786-7708)

Background: Levy Authority. In 1977 when the state assumed additional responsibility for funding schools, the school district maintenance and operation levy authority was limited by passage of the levy lid law. This law determines the maximum amounts school districts may collect through local maintenance and operation 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 (BEA). It also contained a grandfather clause which permitted districts that relied heavily on excess levies historically to exceed the 10 percent limit.

As of the 2010 Legislative session, most districts may raise 28 percent of the district's levy base. There are 90 school districts that are grandfathered at higher percentages that range

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from 28.01 percent to 37.9 percent. A district's levy base includes most state and federal revenues received by the district in the prior school year. When voters pass a levy for support of a school district, no further tax levies for maintenance and operation may be authorized for the levy period. A maintenance and operations levy may last up to four years.

Local Effort Assistance. In 1987 the Legislature approved payments of state funds to match maintenance and operation levies in eligible districts. These funds, known as local effort assistance (LEA), help school districts with above-average tax rates due to low property valuations. The state began making LEA payments to school districts in January 1989. An eligible district is one where the local tax rate required to raise an amount of revenue equal to 14 percent of its levy base exceeds the statewide average 14 percent levy rate. LEA state payments buy down that higher local tax rate to the statewide average level. A district must pass a local maintenance and operation levy to qualify for the LEA match on up to 14 percent of the levy base, and the amount of LEA contributed in state funds is deducted from a district's levy limit.

General Apportionment. Apportionment funding to each school district is calculated on a per-pupil basis. Every enrolled K-12 student generates state funding under formulas that provide certain staffing ratios and enhancements for particular student populations and based on characteristics of individual districts – such as teacher experience, education level, and historical salary levels. Apportionment funding for school year 2009-10 contained in sections 502 through 504 of the 2009 omnibus appropriations act includes payments for the BEA, Career and Technical Education, skills centers, grades kindergarten through four class-size reduction funding, small schools' funding, and fringe and health benefits.

Summary of Bill (Recommended Amendments): School districts' levy bases, for levy collections in calendar years 2011 through 2017, are increased by the school district's enrollment multiplied by the difference in certain per-pupil allocations between (1) a base year in the 2009-11 biennium, and (2) the school year prior to the levy collection year per-pupil allocation, if the future amount is lower than the base year amount. The per-pupil differences that apply are district salaries; certificated instructional staff (CIS) salaries; health benefit rates; substitute teacher daily rates; classified staff ratios; and materials, supplies, and operating costs (MSOC).

The base year for each of the per-pupil differences is school year 2009-10 except for health benefits, which is school year 2010-11.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): Individual allocations are identified discretely – replacing the Substitute House bill's aggregate per-pupil difference, less exceptions. As a result, per-pupil allocations are excluded for some per-pupil funding that might decline in the future for reasons other than budget reductions – such as staff mix, small-school factors, or ratio of Running Start or vocational student enrollments in a district.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: None.

Effective Date: The bill takes effect on January 1, 2012.

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A.