
Appropriations Subcommittee on Education

ESSB 6499

Brief Description: Creating the joint task force on local education financing reform.

Sponsors: Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Dammeier, McAuliffe, Litzow, Ranker, Billig, Frockt, Tom, Hargrove, Fain and Rivers).

<p style="text-align: center;">Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Creates a joint task force on local education financing reform to review the use of, and equity issues related to local levies.
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Hearing Date: 2/27/14

Staff: Jessica Harrell (786-7349).

Background:

Local Levies.

School districts are authorized to raise funds locally for their districts through the levy of local property taxes, when approved by the voters of the district. School districts may raise revenue through four types of levies: maintenance and operations (M&O), debt service, transportation vehicles and equipment, and capital projects.

Since 1977, the Legislature has limited the amount school districts may collect through maintenance and operation (M&O) levies. The maximum amount that may be raised, typically referred to as the levy lid, is primarily based on a district's prior year state and federal funding. For the majority of districts (205), the levy lid is 28 percent. The levy lid ranges from 28.01 percent to 37.90 percent for the remaining 90 districts. These higher lids are based on what the districts' levy was in 1977. For the 2013-14 school year, there are 286 districts that are collecting levy revenue.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Local Effort Assistance.

The Local Effort Assistance program (LEA), also known as levy equalization, was created in 1987 to mitigate the effect that above-average property tax rates might have on the ability of a school district to raise local revenues through voter-approved levies. Districts are eligible for levy equalization if they have passed a local M&O levy, and their 14 percent levy rate is higher than the statewide average. The LEA is expressly not part of basic education.

Technical Working Groups.

Basic Education reform legislation enacted in Chapter 548, Laws of 2009 (ESHB 2261) established several technical working groups to develop recommendations for how to implement certain aspects of the legislation. One of these workgroups was a Local Finance Working Group, charged with developing options for a new system of supplemental school funding through local levies and levy equalization. The LFWG submitted its report to the Legislature in July 2011.

Summary of Bill:

A Joint Task Force on Local Education Financing Reform (Task Force) is created, consisting of four members of the House of Representatives, four members of the Senate, the Governor or his designee, and the Superintendent of Public Instruction (Superintendent) or his designee. The Governor and Superintendent are ex-officio, non-voting members. Staff support for the task force is provided by Senate Committee Services and Office of Program Research staff with additional support from the Office of Financial Management and the Office of the Superintendent of Public Instruction, as needed.

The Task Force is required to review the use of local levies by school districts and equity issues resulting from various aspects of the local levy process. The Task Force must submit a report to the Legislature and the Governor recommending changes to the current funding system that address equity issues in the local levy process and provide a system for state and local funds that are distributed in an equitable manner. The recommendation must be supported by at least six voting members of the Task Force.

Appropriation: None.

Fiscal Note: Not requested.

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