



# Local School District Excess Levies Part II

Susan Mielke, Early Learning & K-12 Committee Staff

Lorrell Noahr, Ways and Means Committee Staff





## Basic Education

### Washington State Constitution

provides: “It is the **paramount** duty of the state to make ample provision for the education of all children residing within its borders. . .”

**The Supreme Court** has interpreted this to mean that the Legislature must **define** an instructional program of basic education for public schools and **amply fund** it from a **regular and dependable source**.



# Washington Supreme Court Guidance



Reliance on local school district levy for funding basic education is unconstitutional because local levies are **not a regular and dependable funding source**:

- Levies are temporary
- Subject to approval by the voters
- Too variable

Local levy funding may **only** be used for **enrichment activities** outside of the definition of basic education.



## School District Levies

- **Excess general fund levies** are one- to four-year levies used for day-to-day operations of the school. Such levies are also known as “**maintenance and operation**” (M&O) levies.
- Current law allows school districts to levy **28%** of school district revenues received from state and federal sources.
- Levy revenue **cannot** be used for the program of basic education.

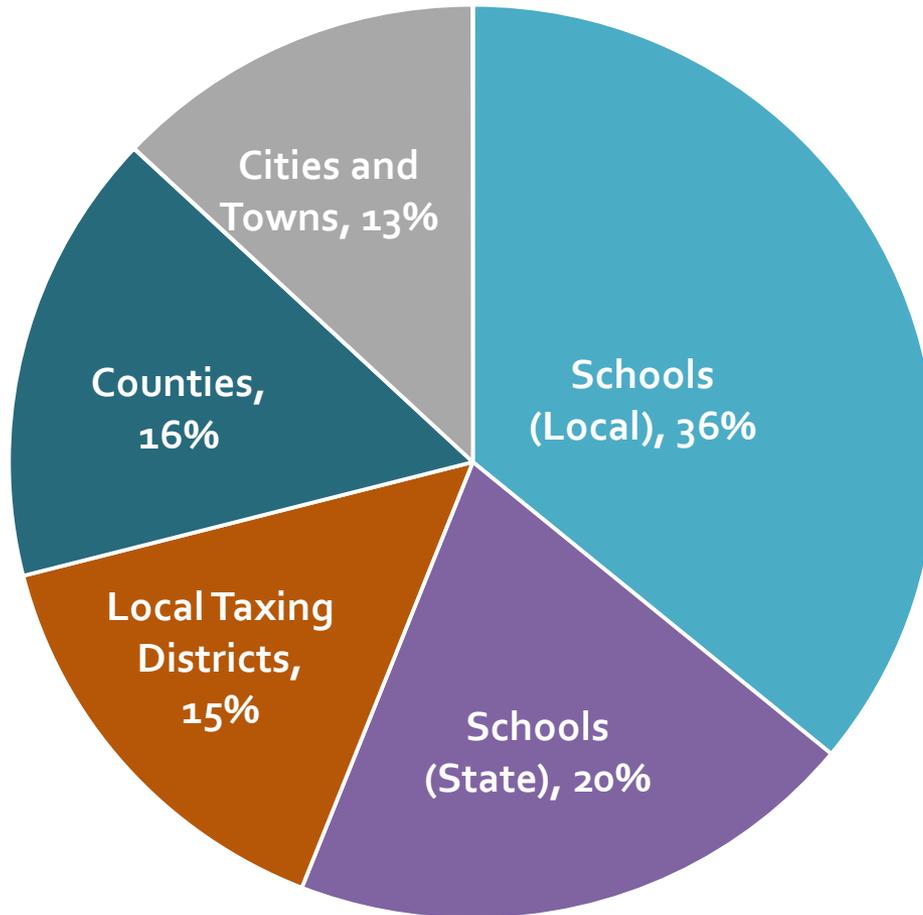


School District Local Levies as a percentage to all property taxes collected



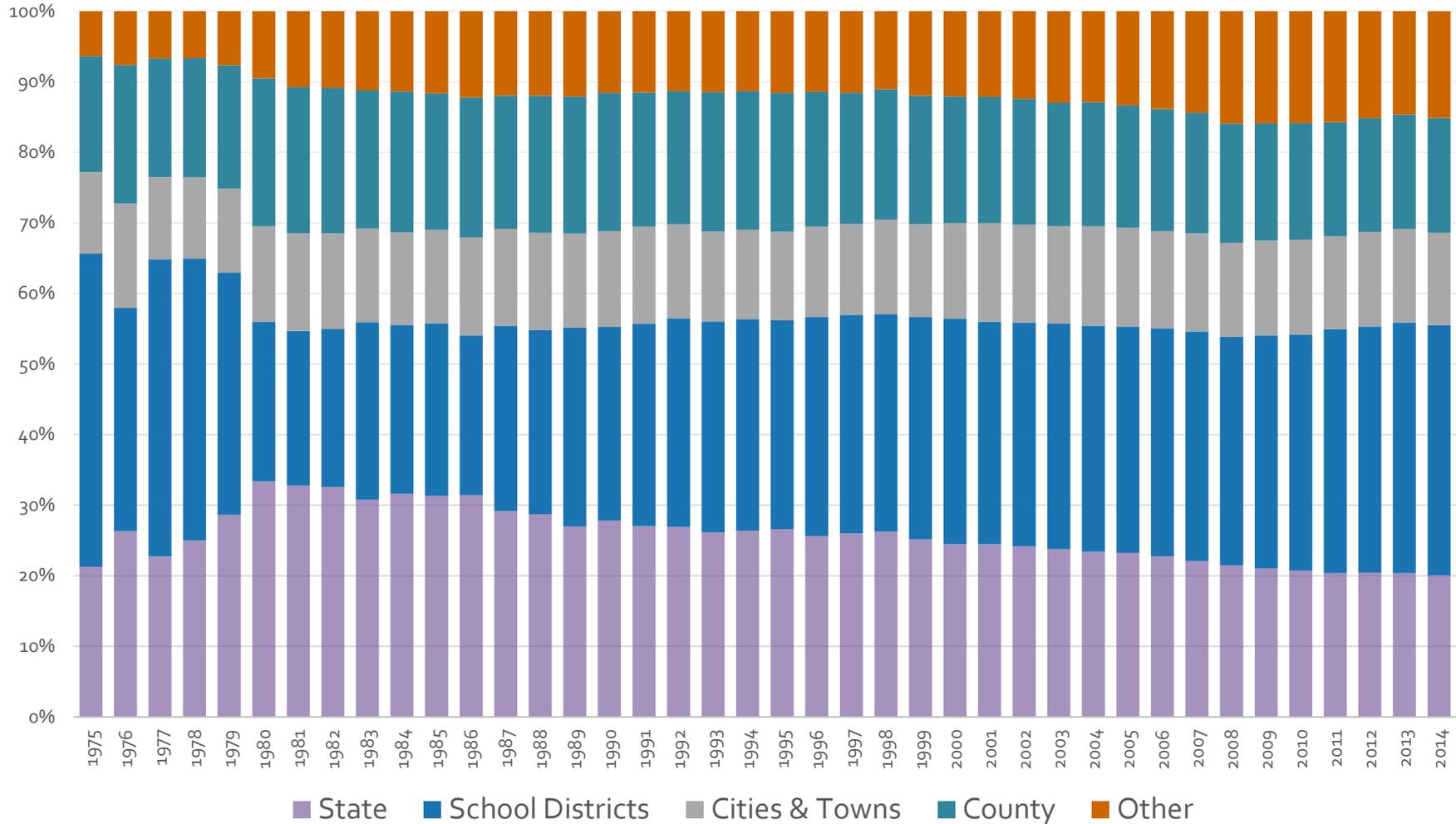
# Distribution of Property Taxes

Calendar Year 2014



Since the early 1980's, property taxes for schools (state & local) has averaged about 55%.

## DISTRIBUTION OF PROPERTY TAXES

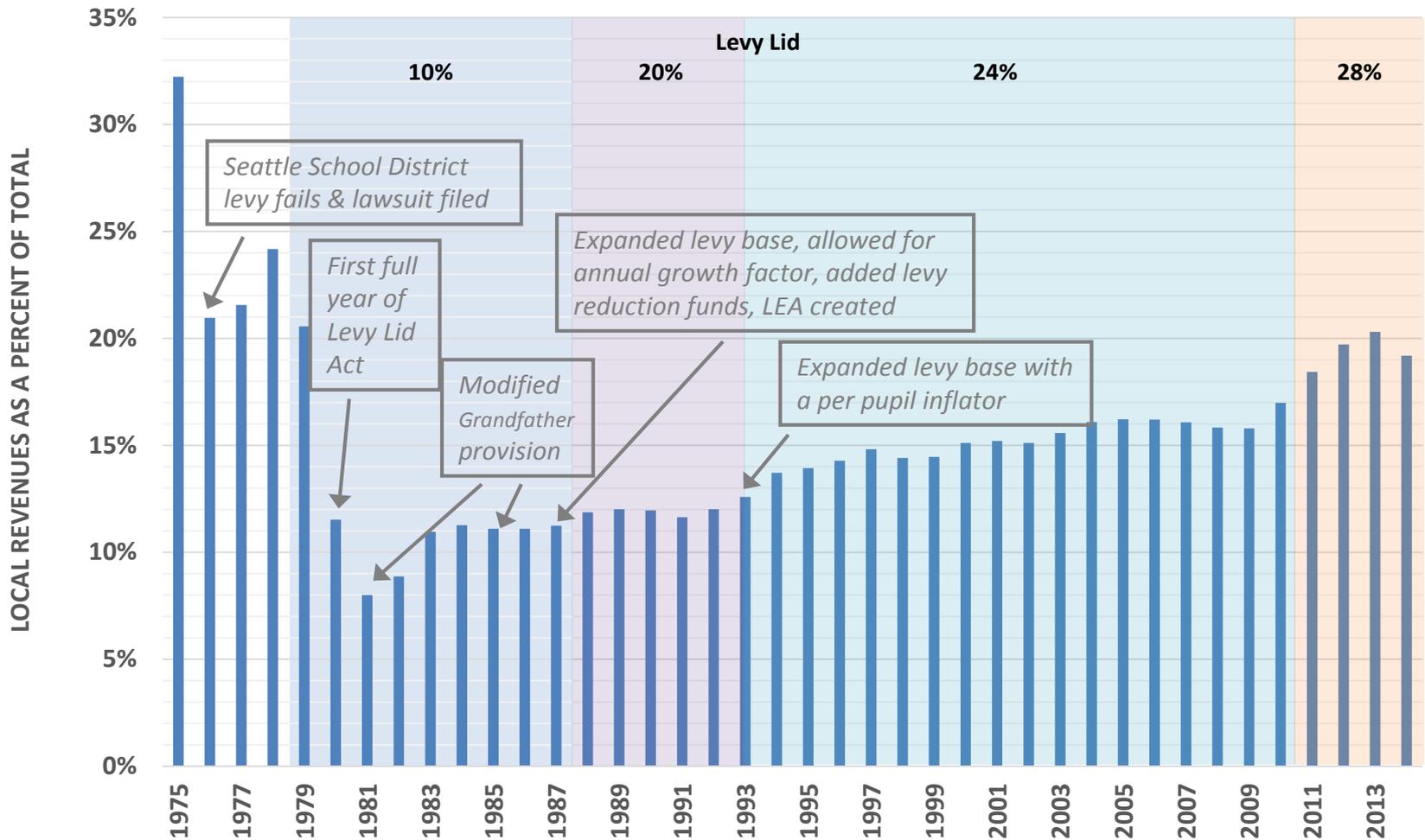




Over time, the Legislature has modified the current school district levy system to expand district's levy authority.

- Levy Lid act of 1977
  - Capped funding at **10%** of school district's state's basic education allocation.
- Amendments to the Levy Lid Act of 1977
  - Allowed for the **grandfathering** of school districts with higher **levy authority**.
  - **Expanded revenue base** to include state categorical funds, federal funds, and state block grants.
  - Added a **per pupil inflator**.
  - Allowed for the temporary **ghost calculation** of unfunded I-732 and I-728 .
  - **Increased levy lid** from 10% to 24%. Current rate has been temporarily lifted to 28% and will expire in 2018. This is the so called "levy cliff."

# M&O levy revenues have been growing as a portion of total district revenues since the early 1980s





# In SY 13-14, 55% of levy/LEA dollars were spent on additional staff and additional salaries

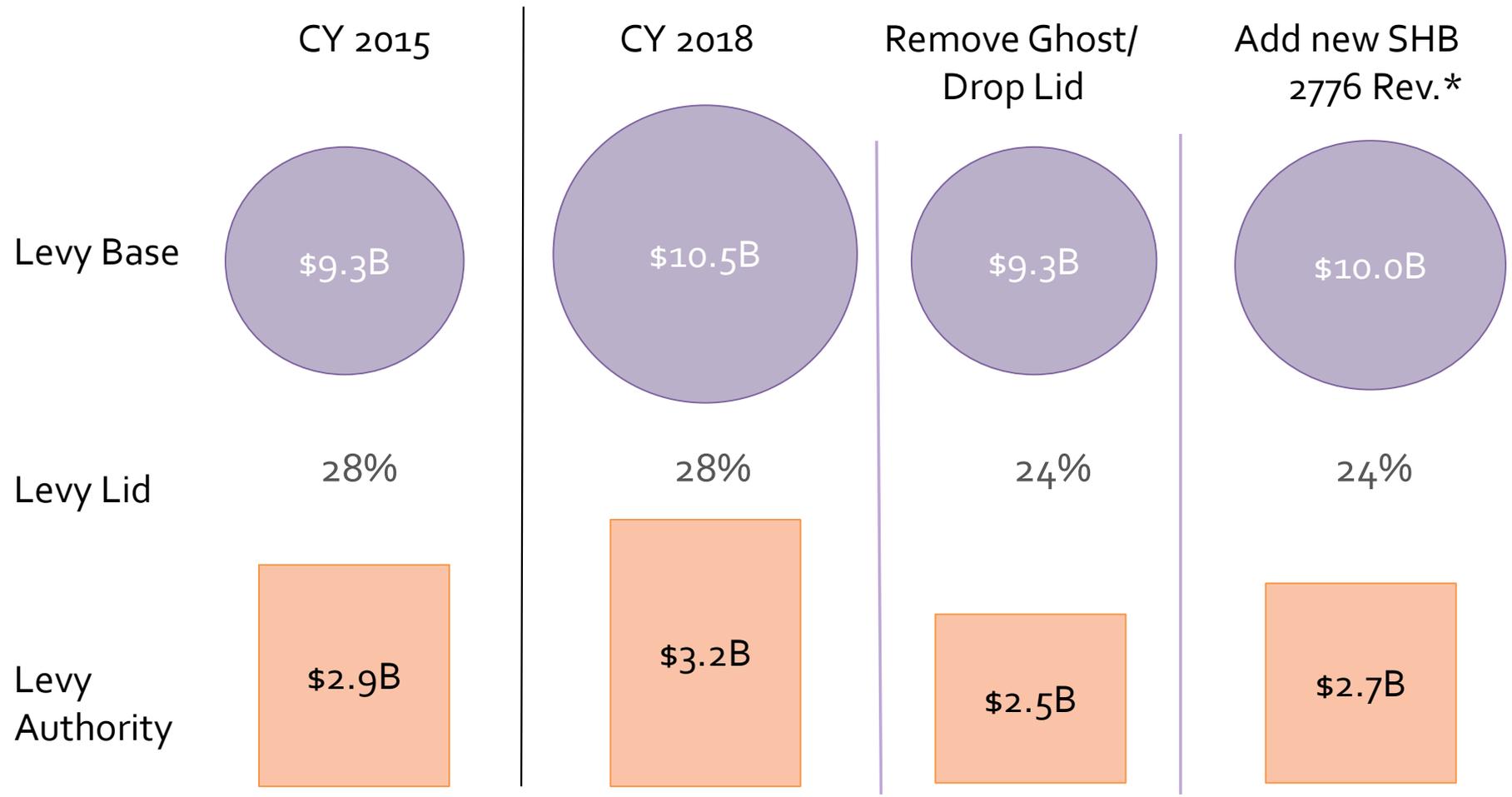
Program and Expenditure Purpose (Levy, LEA, Misc. Revenue)	Levy Funds Expended \$'s in Millions	
Add'l Classified Salaries	\$278.60	9.70%
Add'l Administrative Salaries	\$255.90	8.90%
Add'l Classified Staff	\$196.70	6.80%
Add'l Instructional Staff	\$187.60	6.50%
Add'l Instructional Salaries	\$677.70	23.50%
MSOC	\$473.00	16.40%
State Special Education	\$251.10	8.70%
Pupil Transportation	\$112.50	3.90%
Extracurricular/Community	\$99.50	3.40%
Child Nutrition	\$13.90	0.50%
Other*	\$339.60	11.80%
<b>Total</b>	<b>\$2,886.10</b>	<b>100.00%</b>

} 55%

\*Other are all expenditures above state allocation not attributed to above categories or identified on the F196.  
 Source: 2013-14 F196, Final 2013-14 S275, and Final 2013-14 Apportionment; Total dollars are expenditures above state allocation.



# School District Levy Authority will drop by \$260M in 2018.



\*Assumes PPI factor would adjust for new SHB 2776 revenues in CY2018.



# State Schools Levy Per \$1,000 Assessed Value Rate Over Time



## STATE LEVY RATE

