

HOUSE BILL REPORT

HB 1814

As Reported by House Committee On:
Education Appropriations & Oversight

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

Brief Description: Preserving the school district levy base.

Sponsors: Representatives Sullivan, Maxwell, Haigh, Reykdal and Santos.

Brief History:

Committee Activity:

Education Appropriations & Oversight: 2/15/11, 2/21/11 [DPS].

Brief Summary of Substitute Bill

- Expands, for school districts with a Maintenance and Operations (M&O) levy approved prior to April 30, 2011, the levy base through inclusion of the amount equivalent to each district's allocation of federal Education Jobs funds.
- Includes Education Jobs funding in the levy base for levies collected in calendar years 2012 and 2013.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Haigh, Chair; Probst, Vice Chair; Frockt, Maxwell, Orwall, Reykdal, Rolfes, Santos, Seaquist, Sells and Stanford.

Minority Report: Do not pass. Signed by 7 members: Representatives Anderson, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Dahlquist, Hargrove, Hope, Nealey and Short.

Staff: Wendy Polzin (786-7137).

Background:

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.

The state authorizes school districts to collect local excess Maintenance and Operations (M&O) levies, which may last for up to four years; the state also provides levy equalization to districts with a local levy tax rate greater than a statewide average rate.

Local excess M&O levies are based on a district's prior school year funding, which is primarily made up of state and federal dollars. For example, for calendar year 2011, the levy base is the 2009-10 school year.

In addition to state and federal funding received by a district, the Legislature has allowed certain other types of state funding that have been suspended or eliminated to be included in the levy base for purposes of local revenue and levy equalization.

Legislation enacted in the 2010 session included in districts' levy bases funds which were not actually received by districts. For the purposes of calculating the levy base for levies to be collected in calendar years 2011-17, the Legislature has allowed the inclusion of funds not received for Initiative 728 (student achievement program), Initiative 732 (cost-of-living-increase), and the kindergarten through fourth grade staffing enhancement.

On August 10, 2010 the President signed into law Public Law 111-226. This law appropriated \$10 billion for an Education Jobs Fund. For its share of the funding, Washington received \$208 million, which was allocated to school districts.

In December 2010 the Legislature took action on Chapter 1, Laws of 2010, 2nd Special Session (House Bill 3225), which reduced state general apportionment funding by an amount equal to the Education Jobs amount, effectively offsetting the general apportionment reduction with the federal funds.

Summary of Substitute Bill:

For levies to be collected in calendar years 2012 and 2013, the levy base includes the district's federal Education Jobs allocations if the district had a levy in place before April 30, 2011. If the inclusion of these amounts results in a reduction to a district's Local Effort Assistance (LEA) allocation, the district is held harmless to its calendar year 2010 LEA funding level.

Substitute Bill Compared to Original Bill:

The original bill included the Education Jobs funding in the levy base through calendar year 2017; the substitute bill limits inclusion of the Education Jobs funding to calendar years 2012 and 2013 only, and specifies that no district is to receive less LEA than they did in calendar year 2010 as a result of the legislation.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 22, 2011.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to changes in the levy base, which takes effect January 1, 2012.

Staff Summary of Public Testimony:

(In support) Levy equalization is good for students; without it, funding for programs, including specialized programs, will deteriorate. Para-educators benefit from levy equalization funds. In some districts taxes are too high, and taxpayers are too few. Property values make things very unequal. Districts are heavily dependent on LEA and parents are worried that staff and programs may go away if LEA goes down. This legislation is good for districts. Without this bill, some districts will not be able to collect all funding approved by locals. This legislation offsets the erosion of state funding.

(With concerns) Technical drafting needs to be clarified, also concerned that one-time money is being included in the levy base for five years.

(Opposed) The levy system needs to be changed, rather than just pushing more money out to school districts.

Persons Testifying: (In support) Patty Wood, Kelso School Board; Nicki Johnson, Dennis Angell, and Linda Wright, Service Employees International Union 925; Susan Leland, Highline Public Schools; Lori Cloud, Tahoma School District; Hannah Lidman, League of Education Voters; Randy Parr, Washington Education Association; Mitch Denning, Alliance for Education Association; and Clifford Traisman, Seattle Public Schools.

(With concerns) Shawn Lewis, Office of the Superintendent of Public Instruction.

(Opposed) Paul Locke.

Persons Signed In To Testify But Not Testifying: None.