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## Appropriations Committee

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### PSHB 3011

**Brief Description:** Modifying and studying the local effort assistance program.

**Sponsors:** Representatives Fromhold, McIntire and Sommers.

#### Brief Summary of Substitute Bill

- Creates the Joint Task Force on Local Effort Assistance, which is charged with analyzing whether the purpose of the local effort assistance program is being met and making recommendations.
- Requires that calendar year 2003 local effort assistance allocations be multiplied by a factor of 0.99. Allocations are to be frozen at the calendar year 2003 level until the legislature considers the recommendations of the task force.

**Hearing Date:** 3/7/02

**Staff:** Denise Graham (786-7137).

#### Background:

In 1987, the Legislature created the Local Effort Assistance Program, which provides state allocations to eligible school districts to match local maintenance and operation levy revenues. The purpose of local effort assistance, also known as levy equalization, is "to mitigate the effect that above average property tax rates might have on the ability of a school district to raise local revenues to supplement the state's basic program of education." (RCW 28A.500.010)

The levy equalization formula compares the tax rate a district needs in order to raise an amount equal to 12 percent of its state and federal revenues to the statewide average tax rate needed to raise 12 percent of state and federal revenues to all districts. Districts with above average tax rates receive a state match on local levy dollars.

In calendar year 2002, 210 of the state's 296 school districts will receive levy equalization allocations totaling \$162.2 million.

#### Summary of Proposed Substitute Bill:

The Legislature finds that changes in state and federal funding that have taken place since the Local Effort Assistance Program began in 1989 make it necessary to reexamine the local effort assistance funding formula and determine whether the purpose of the program is being fulfilled.

The Joint Task Force on Local Effort Assistance is created. Membership on the task force consists of the following 19 members: Six members from the House of Representatives, three from each caucus; six members from the Senate, three from each caucus; the Superintendent of Public Instruction; a member chosen by the Washington State School Directors' Association; a member chosen by the Washington Association of School Administrators; a member chosen by the Rural Education Center; a fiscal officer of an educational service district; and two members of school districts with student enrollments greater than 20,000.

By December 1, 2002, the task force is to complete an analysis of the history of the Local Effort Assistance Program and its impacts and determine whether the purpose of the Local Effort Assistance Program is being met under the current allocation formula

The legislature intends to freeze local effort assistance funding at the calendar year 2003 level until the recommendations of the task force are considered by the legislature.

Local effort assistance allocations to school districts are to be multiplied by a factor of 0.99. Allocations after calendar year 2003 cannot exceed allocations made in calendar year 2003.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.