

SENATE BILL REPORT

SB 6502

As of January 29, 2010

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

Brief Description: Restoring the school district levy base.

Sponsors: Senators Tom, McAuliffe, Oemig, Hobbs, Gordon, Pridemore, Shin, Rockefeller, Kline and Ranker.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/21/10, 1/25/10 [DP-WM].
Ways & Means: 1/27/10.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Oemig, Vice Chair, K-12; King, Ranking Minority Member; Brandland, Gordon, Hobbs, Holmquist, McDermott, Roach and Tom.

Staff: Alicia Kinne (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Elise Greef (786-7708)

Background: Beginning in 2001, portions of state property tax and state lottery revenues were dedicated to the Student Achievement Fund, per Initiative 728 (I-728). Initiative 728 directed that, beginning in 2004, school districts receive Student Achievement Fund allocations in the amount of \$450 per full-time equivalent (FTE) student, with the amount to increase by designated amounts in proceeding years. The 2003 Legislature revised the per-pupil payments to a lower amount, to increase in subsequent years. In 2009-11, payments were again reduced – from planned per-pupil allocations of \$458.10 and \$463.58 in school years 2009-10 and 2010-11, respectively, to \$131.20 and \$99.32.

Passed by voters in November 2000, Initiative 732 (I-732) required the state to provide annual cost-of-living increases for Washington's public school employees. In 2003, and again in 2009-11, lawmakers suspended the inflation increases in I-732.

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.

Summary of Bill: For levy collections through calendar year 2017, a district's levy base must include:

- the difference between the allocation rate the district would have received in the prior school year using the I-728 base and the allocation rate the district received in the prior year under the student achievement program multiplied by the full-time equivalent student enrollment used to calculate the I-728 allocation used for the prior school year; and
- the difference between the allocation rate the district would have received in the prior school year using the I-732 base and the allocations the district actually received the prior school year for school district employee cost-of-living increases.

The requirement that the Office of the Superintendent of Public Instruction (OSPI) must offset the amount added to a district's levy base is removed.

A district's levy base must also include the difference between an allocation of 53.2 certificated instructional staff units per 1,000 FTE students in grades kindergarten through four enrolled in the prior school year and the allocation the district actually received in the prior school year. The levy base for a school district whose allocation in the 2009-10 school year was less than 53.2 certified instructional staff units per 100 FTE students in grades kindergarten through four must include the difference between the allocation the district actually received in 2009-10, and the allocation the district actually received in the prior school year.

The expiration date is changed to January 1, 2018.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Early Learning & K-12 Education): PRO: Fix to levy base is critically important. Districts need the discretionary levy revenue in order to provide critical services. Many districts are running levy elections in February and this will help. This bill helps to restore and stabilize the levy base with minimal fiscal impacts. OSPI appreciates the narrow focus of this legislation.

OTHER: This bill does not go far enough in doing anything for districts that fall under roll back provisions.

Persons Testifying (Early Learning & K-12 Education): PRO: Dan Steele, WA School Director's Association; Jake Kuper, School Levy Coalition, Issaquah School District; Jennifer Priddy, OSPI; Dr. Chip Kimball, Lake Washington School District and School Levy Coalition; George Scarola, League of Education Voters; Doug Nelson, PSE/SEIU; Jim Kainber, Stand for Children; Kim Howard, WA PTA; Chad Magendanz, Olympian Coalition.

OTHER: Randy Parr, Washington Education Association.

Staff Summary of Public Testimony (Ways & Means): PRO: Although long advocating for more state funding to ease local reliance on levies, this bill is preferable to no solution; it allows districts to collect additional local revenue to temporarily get through a difficult time. All the levy bills are important but sequencing matters. Restoring the levy base is critically important to provide immediate certainty to districts but the bill doesn't go far enough. Lifting the base provides a modest amount of levy-equalization relief but it is very modest since many districts will not be able to raise levies to qualify for the funds. There have been significant cuts to public schools and a strong likelihood of more to come. This bill would ensure that districts don't have to experience cuts on top of cuts - that is, lose the state funding and then lose local levy capacity because the base is lower. Many school districts are in the process of seeking local levy approval. This bill would allow levies that were prepared with the assumption this would be available to be fully collected. Otherwise, districts won't be able to collect revenue that has already been approved. It is estimated that restoring the base would allow for \$180 million in local levy capacity to 121 districts - 83 of which receive levy equalization payments. This is not a property-poor versus property-rich issue. Early action on this bill would enable districts to have certainty. A levy base restoration makes good, practical sense but we are concerned about the K-4 class size enhancement that the Governor proposed eliminating.

CON: This bill just winds up being another tax. The pressure to continually increase funding for schools is a result of unionizing teachers. A city such as Seattle will approve these taxes every time because people who rent vote "yes" and do not have to pay the property tax.

Persons Testifying (Ways & Means): PRO: Doug Nelson, Public School Employees of Washington; Randy Parr, Washington Education Association (pro, with concerns); Barbara Posthumus, Business Services Coordinator for Lake Washington School District and representing School Levy Coalition; Dan Steele, Washington State School Directors' Association; Mitch Denning, Alliance of Education Associations.

CON: Paul W. Locke, citizen.