



Local Levies - Frequently Asked Questions

1. What is a local levy?

- a. A local property tax passed by voters of a school district that generates tax revenue for local school districts. All money generated by school district levies goes directly to the school district to pay for enhancements to the state funded basic education. By voting for a local levy, voters are voting for an additional property tax in their district.

2. How many school districts have a local school levy?

- a. 287 of the 295 school districts had a local levy in school year 2016-17

3. What is basic education?

- a. Basic education is the educational program that the state is responsible for funding.
 - i. The state Legislature defines the program of basic education and is required by the constitution to amply fund it. The state defined program of basic education is the minimum that districts are required to provide students—districts may offer additional programming and services with local funds. Currently, the program of basic education includes the number of hours and days of school that districts must offer, academic standards, and specialized instruction for students qualifying for special education, English Language support, and below or above standard academically.

4. What restrictions are placed on the use of levy money?

- a. Levy money can't be used to pay for basic education, but districts are otherwise free to spend the money as they wish. For example, by law, levy funds aren't allowed to be used to enhance state-funded base teacher salary for teachers performing basic education duties, but levy money may be used for hiring additional staff or paying teachers for after-school programming.
 - i. Currently, a majority of levy dollars are spent on staff compensation. Many districts provide higher salaries for teachers through local contracts for additional time, responsibility, or incentives (TRI). However, many of the responsibilities within these contracts could be considered basic education duties and often all teachers within a district receive this additional pay. This practice is common across the state because the state is not paying enough for districts to attract and retain teachers, but may conflict with current law.

5. What is a levy rate?

- a. A levy rate is the amount of property tax that voters approved to be assessed for every \$1,000 of property value. A levy rate of \$1.00 means that for every \$1,000

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of property value, the owner of the property will have to pay \$1.00 in taxes.

- i. E.g., If a homeowner has a house valued at \$200,000 and the voters passed a levy at a \$1.00 levy rate, that will cost the homeowner \$200 annually in property taxes.

6. Why do districts generate different amounts of levy dollars for passing the same levy rates?

- a. A levy rate of \$1.00 in a district with an average property value of \$200,000 will generate \$200 per household in levy funding, but a district with a \$1.00 levy rate and an average property value of \$600,000 will generate \$600 per household for the same level of property tax. Districts can have the same levy rate, but raise very different amounts of money because the average property value of a district varies widely across Washington.

7. What is the current levy lid (cap) for calendar year 2018?

- a. The amount of money that can be raised through local levies is capped by the state at 28% of the combined state and federal education funding received by a district.
 - i. E.g., If a district receives a combined \$1,000,000 in funding from state and federal sources, the maximum amount their local levy can raise is \$280,000.
 - ii. This levy lid will apply to districts through calendar year 2018. In January 2019 a new levy system will go into effect.

8. Do all districts have the same levy lid?

- a. 90 of the 295 school districts in Washington have levy lids above the 28% state levy lid ranging from 28.01% to 37.9%. Some districts have a higher levy lid because of a temporary solution to an education funding shortfall by the state in 1977. This higher cap was supposed to be phased out, but was made permanent for some districts in the 1980s.
 - i. At a 28% levy rate a district that receives \$1,000,000 in state and federal funding can raise up to \$280,000 with their local levy, while a district with a 37.9% levy lid getting the same level of state and federal funding would be able to raise \$379,000. That's 35% more through levies than a district with a 28% levy rate

9. How many school districts currently collect a local levy that is greater than or equal to the state levy lid of 28%?

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- a. 118 districts have passed a levy that is 28% or more of their combined state and federal revenues
- b. These 118 districts account for over 71% of the statewide student enrollment

10. What will the levy lid (cap) be starting in January 2019?

- a. The levy rate a district can pass will be capped at \$1.50 per \$1,000 of assessed or a levy rate that would generate \$2,500 per-student whichever would generate a lower levy rate.
 - i. E.g., If a district can raise \$2,500 per-student with a levy rate of \$0.80 per \$1,000 than their levy lid is \$0.80.
 - ii. E.g., If a district with a levy rate of \$1.50 generates \$1,000 per-student in levy revenues their levy lid is \$1.50

11. What is Local Effort Assistance (LEA)?

- a. Because of differences in property values, some districts can pass a levy with a levy tax rate of \$0.80 and raise \$2,500 per student while other districts can pass a levy rate of \$1.50 and raise only \$107 per student. To compensate for the difference in ability to raise money through local levies, the state supplements districts with higher than average levy tax rates by providing additional funding called Local Effort Assistance (LEA). LEA is intended to ease the property tax burden of districts with low property values, it is not intended to make equitable resources available to districts.

12. How do districts qualify to receive LEA funding starting calendar year 2019?

- a. Districts qualify for LEA if they satisfy the following conditions:
 - i. The district would generate less than \$1,500 per-student with a levy rate of \$1.50
 - ii. Pass a local levy
 - 1. Districts are not required to pass their maximum levy in order to receive LEA funding

13. How much LEA support will districts receive when the new LEA rules go into effect in 2019?

- a. For LEA eligible districts their combined local levy revenues and LEA funding are capped at \$1,500 per-student
- b. A district's amount of LEA funding is determined by how close they come to passing their maximum allowable levy.
 - i. E.g., A district using 50% of their \$1.50 levy authority by passing a levy rate of \$0.75 would be able to receive 50% of their maximum LEA.
 - ii. E.g., A district using 80% of their \$1.50 levy authority by passing a levy rate of \$1.20 would be able to receive 80% of their maximum LEA.

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14. Can all districts generate the same amount of local levy funding?

- a. LEA eligible districts are capped at generating a total of \$1,500 per-student in combined local levy and LEA funding. Districts that are able to raise more than \$1,500 per-student with a levy rate of \$1.50 or less are able to as long as they don't exceed \$2,500 per-student in local levy funding.
 - i. 190 districts will be capped at \$1,500 per-student in combined levy and LEA revenues.
 - ii. 63 districts will be able to raise between \$1,501 - \$2,499 per-student in local levy funding and won't be eligible for LEA
 - iii. 42 districts will be able to raise \$2,500 per student in local levy funding and won't be eligible for LEA

15. Is the Supreme Court requiring Washington to reform the school levy system?

- a. The Court said that the state must meet its paramount duty to fund basic education so districts aren't put in a position to have to spend levy dollars to provide a basic education for their students. The Court did not require the state to make any changes or reforms to the current levy system, only that the state must pay for the full cost of basic education.

16. What is the 'levy swap'?

- a. The levy swap increased the amount of state funding directed at education. It increased the state property tax rate by \$0.81 per \$1,000 of assessed value, while making changes to the local levy lid that reduces the maximum amount districts can raise locally beginning in 2019.
- b. All districts will see a net property tax increase for calendar year 2018. This is because the state property tax increase will be in addition to existing levies, but when the new levy rules take effect in January 2019 the net tax impact on districts and net change in combined state and local funding will be determined by what levy rate districts pass for 2019 and beyond.
- c. The levy swap would increase the amount of state property tax collected for education and decrease the amount of local property tax collected by school districts.

Look for information on your school district:

- More information on levy authority, effective levy rates, and Local Effort Assistance (LEA) can be found here: <http://k12.wa.us/safs/PUB/LEV/1617/2030r.pdf>
- More information on levy rates and per-student levy revenues by district can be found here: <http://k12.wa.us/safs/PUB/LEV/1516/1061r>

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