



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 revenue for the local school district. 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. 288 of the 295 school districts had a local levy in 2018.

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 students below or above standard academically.

4. 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 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.



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5. 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.

6. What is the levy lid (cap) that started in January 2019?

- a. The levy rate a district can pass is now capped at \$1.50 per \$1,000 of assessed value, or a levy rate that would generate \$2,500 per student – whichever would result in 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 then 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.

7. 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 can't 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 additional duties, such as 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. Historically, this practice was common across the state because the state did not provide adequate salary to attract and retain teachers. The new state funding for teacher salaries is intended to address this issue.



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- ii. Levy funds have also been used to supplement other areas of basic education that have been underfunded by the state. Currently, many districts indicate that they still need to use local levy dollars to provide special education services to students that are not fully funded by the state.

8. What impact are the changes in the local levies having on teacher salaries?

- a. Historically, over half of levy funds have been used to supplement staff salaries. With the recent funding changes, state funding has increased substantially for most districts, while local levy funds have been reduced. The increase in state funding for teacher salary was intended to ensure the state was paying the cost of hiring teachers who provide basic education and to free up local levy money to enable districts to provide more educational supports and enrichments for students, which may also include additional staff.
- b. The way districts deploy their levy resources hasn't changed since the state increased funding, so districts continue to use significant levy resources to increase staff salary above state-funded levels. All additional salary and staffing, such as additional counselors, above state-funded levels must be paid for by districts. Many districts and local bargaining units negotiated salary increases in the fall of 2018 above the state-funded levels, however districts have fewer levy resources available to pay for these increases. So even though most districts had a net influx of education funding, their combined levy and state resources didn't meet the added costs of the new contracts.

9. What is Local Effort Assistance (LEA)?

- a. Because of differences in property values, some districts can pass a levy with a tax rate of \$0.80 and raise \$2,500 per student, while other districts can pass a tax 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 who are able to raise less than \$1,500 per student with a max levy of \$1.50 per \$1,000 of assessed value by providing additional funding called Local Effort Assistance (LEA). LEA is funded to ease the property tax burden of districts with low property values. It is not funded in a way that makes equitable resources available to districts.

10. How do districts qualify to receive LEA funding?

- a. Districts qualify for LEA if they satisfy the following conditions:



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- 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.

11. How much LEA support will eligible districts receive 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 100% of their \$1.50 levy authority by passing a levy rate of \$1.50 would be able to receive 100% of their maximum LEA and generate \$1,500 per student through combined local levy revenue and state assistance.

12. 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 and \$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.



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13. How much were districts able to raise under the old levy system?

- a. Under the levy system prior to 2019, 205 districts had a levy lid that was capped at an amount equal to 28% of combined state and federal funding amounts. 90 of the 295 school districts in Washington had levy lids ranging from 28.01% to 37.9%.
 - i. The average per student district levy was \$2,329 in 2017 with district levy lids ranging from \$1,600 to \$8,000 per student. The disparity between district levy lids resulted from a combination of using district funding levels as the basis for levy lids, and the fact that some districts had levy lid percentages that were more than 30% higher than other districts.

14. Did the Supreme Court require 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 don't 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.

15. 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 had the impact of decreasing the local tax rate for most districts. This also reduced the maximum amount districts can raise locally, beginning in 2019.
- b. All districts saw a net property tax increase for calendar year 2018. This is because the state property tax increased while existing local levies stayed the same. When the new levy rules took 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 increases the amount of state property tax collected for education and decreases the amount of local property tax collected by school districts.



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16. What is the legislature working on to address some of the challenges districts are facing under the new levy system?

- a. There are three legislative approaches to changing the levy system currently being discussed: (1) increasing the per-student levy lid of \$2,500 per student, (2) increasing the maximum levy rate above \$1.50/\$1,000, but still keeping the \$2,500 per-student total cap, (3) returning to a levy cap based on a district's combined state and federal funding amounts.
- b. **Increasing the per-student levy lid of \$2,500 per student.** The levy rate a district can pass is now capped at \$1.50 per \$1,000 of assessed value or a levy rate that would generate \$2,500 per student, whichever would result in a lower levy rate.
 - i. Increasing the per-student levy lid would allow districts who can raise more than \$2,500 per student with a levy rate of under \$1.50 per \$1,000 of assessed value to raise more money per student. This would enable about 20% of districts to raise more levy money and have no impact on the rest of the districts.
- c. **Increasing the maximum levy tax rate.** Increasing the maximum levy tax rate, currently \$1.50 per \$1,000 of assessed value, would enable the districts that can raise less than \$2,500 per student with a maximum levy to raise more per student with their local levy while still needing to adhere to the \$2,500 per student levy cap.
- d. **Switching to a levy lid based on a district's combined state and federal funding amounts.** Using a percentage of a district's combined state and federal revenues to determine a district's levy amount would recreate the same funding patterns and differences we previously saw in funding formulas in the levy system. Districts with higher property values would have access to more local levy dollars.
- e. Currently, districts generate different levels of per-student funding with the most significant variable in per-student funding being regionalization factor, which provides increased state-funded salary amounts for districts with higher property values.



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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>
- Expected LEA funding levels can be found here: <https://app.leg.wa.gov/committeeschedules/Home/Document/205386#toolbar=0&navpages=0>
- School enrollment and demographic information can be found on OSPI school report cards: <http://reportcard.ospi.k12.wa.us/summary.aspx>

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