

FAIR LOCAL FUNDING

BACKGROUND

Historically, local levies have provided about one quarter of K-12 education funding in Washington state, amounting to \$2.6 billion in school year 2018-19. In 2018-19, districts raised an average of \$2,395 per student in local levy funding, with levies ranging from \$86 per student in some districts to over \$4,000 in others. This difference is driven not only by the levy rates, or amounts that district voters agree to tax themselves, but also by the property values in a district.

For example, in 2018-19 one district passed a levy of about \$1.13 per \$1,000 of assessed value and raised \$198 per student, while a higher property value district passed a similar levy of \$1.14 per \$1,000 of assessed value to raise \$4,381 per student.¹



Students at South Shore PreK-8

WHAT HAS CHANGED?

As part of the legislative solution to fully fund basic education, several changes were made to how much districts can raise through the levy system, the most recent of which went into effect in January 2020.

The two biggest changes to the levy system included changing the formula used to calculate how much districts can raise through levies and placing a lower overall limit on the amount districts can raise per student.²

New Formula: Starting in January 2020, the levy rate a district can pass is capped at \$2.50 per \$1,000 of assessed property value or a levy rate that would generate \$2,563 per student adjusted for inflation, whichever would be a lower levy rate.

- E.g., If a district can raise \$2,563 per student with a levy rate of \$0.80 per \$1,000 of assessed value, then their maximum levy is \$0.80.
- E.g., If a district can only raise \$1,000 per student with a levy rate of \$2.50 per \$1,000 of assessed value, then their maximum levy is \$2.50.

LOCAL EFFORT ASSISTANCE (LEA)

Because of differences in property values, some districts can pass a levy with a levy tax rate of \$0.63 and raise \$2,604 per student for calendar year 2021, while other districts can pass a levy rate of \$1.50 and raise only \$83 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).

Even with LEA, both the levy rate a district pays and the total levy resources available (levy revenues plus LEA funding) is still influenced by local property wealth. By providing additional resources for eligible low-income districts, but not ensuring low-income and higher-income districts are provided with equal resources, LEA, as currently designed, eases but does not eliminate the levy disparity between districts.



Students at Summit Atlas Public School

- A district's amount of LEA funding is determined by how close the levy they pass is to a rate of \$1.50 per \$1,000 of assessed property value.
 - E.g., A district passing a levy rate of \$0.75/\$1,000 assessed property value would be able to receive 50% of their maximum LEA.
 - E.g., A district passing a levy rate of \$1.50/\$1,000 assessed property value or higher would be able to receive their maximum LEA.

OSPI PROJECTED LEVY RATES AND REVENUES

(Calendar Year 2021)³

District	2021 Projected Enrollment	Low-Income Student Enrollment (2019-2020)	Projected Levy Rate	Projected Levy Per Student w/o LEA	Projected Levy & LEA Per Student
Sunnyside	6,665	80%	\$1.73	\$364	\$1,615
Spokane	30,016	60%	\$1.56	\$1,214	\$1,615
Seattle	54,102	33%	\$0.56	\$3,124	\$3,124

LOOKING AHEAD

The changes made to the K-12 funding system in recent years increased the role district property value plays in education funding and reaffirmed inequities in the local levy system — directing more funding to high-property value districts rather than high-need districts. This impacts the types of programming and opportunities students have access to. League of Education Voters is committed to creating an equitable funding system that targets resources based on student needs.

In 2021, League of Education Voters will prioritize:

Updating the local effort assistance program to account for student and community needs, rather than just property values.

¹ OSPI Property Tax Levies, <https://www.k12.wa.us/policy-funding/school-apportionment/school-publications/property-tax-levies>

² House Bill 2242 (2017)

³ OSPI Multi-Year Budget Comparison Tool