

**2010–11 Position on
Levies and Local Effort Assistance**

WASA's Position

- WASA will not support any increase in the levy lid and calls upon the legislature to replace local levies with state funding with a fair, equitable, systemic, and comprehensive plan to fully fund basic education.
- WASA will not support any changes to the LEA funding formula that would result in a decrease in LEA to any school district. Additionally, WASA will not support any changes to LEA unless the state first addresses its responsibility to fund each of the components of basic education.

The Levy Lid

Since 1944, school districts have had the authority to supplement state funds with special maintenance and operations levies. In 1960–61, this authority provided approximately 5.3 percent of total district funds. By 1974–75, reliance on special levies had grown to an average of 25 percent statewide—ranging from 0 to 32 percent. That year, 65 school districts experienced double levy failures (under the 60 percent supermajority requirement which was repealed in 2007). The result was the landmark *Seattle School District et al v. State* (now commonly referred to as Doran I) school funding lawsuit.

In Doran I, the State Supreme Court ruled (among other things) that the state's reliance on special levies for school funding was unconstitutional and that the state had not fulfilled its duty to provide an ample education to all resident students. The Supreme Court assigned the legislature the responsibility of defining the scope of basic education and funding its definition from regular and dependable sources. Local taxes were to be used exclusively for programs/needs above and beyond basic education. As a part of the *Omnibus Basic Education Act of 1977*, the *Levy Lid Act* was passed limiting special levies to 10 percent of state basic education allocations. A four-year timeline was established for districts above 10 percent to ramp down to 10 percent. In stark contrast to the 1977 legislative direction and commitment, subsequent legislatures have amended the levy lid law over a dozen times. With the passage of SHB 2893 in 2010, all districts now have at least 28 percent levy authority. Some grandfathered districts have up to a 37+ percent levy lid.

In the meantime, the state continued to underfund programs defined by the state as basic education (apportionment, transportation, special education, vocational education, and the learning assistance program) and passed on the cost for innumerable unfunded mandates to local districts—including but by no means limited to—the state *Education Reform Act (HB 1209) of 1993*, and the basic education reform laws of 2009 (SHB 2261) and 2010 (E2SSB 6696). In addition, because the state accepts federal dollars, unfunded requirements of the federal *No Child Left Behind Act of 2000* (ESEA and Title I) and IDEA (Special Education) are passed on to local districts.

Local Effort Assistance (LEA or Levy Equalization)

In 1987, when the legislature increased levy authority for all districts to at least 20 percent, it acknowledged the inequities in the local levy system by recognizing that taxpayers in school districts with above average tax rates due to low property valuations were at a disadvantage. With the intent of leveling the playing field, the legislature approved local effort assistance (LEA or levy equalization) funding, which began in 1989. LEA provided state funding for school districts in which the tax rate to raise a 12 percent levy was above the average 12 percent levy rate. In a district with a 12 percent levy rate that was twice the statewide average, 12 percent was matched one-to-one up to the maximum LEA. (In 2010, the legislature raised this to 14 percent when the lid was raised an additional 4 percent.)

From time to time, the state's allocation of LEA funding has been pro-rated at less than 100 percent. To prevent this from happening, the legislature amended RCW 28A.500.030 in 2006, prohibiting the state from reducing local effort assistance below 100 percent. Repealing or modifying this provision is completely unacceptable to WASA.

The Levy Base

A district's levy base includes most state and federal revenues for the prior school year. This base is further increased by the percentage increase in state basic education funding per pupil between the prior and current school years and divided by 55 percent. A school district's levy lid equals the levy base, times the levy authority percentage, plus or minus "transfers," minus the maximum LEA (levy equalization).

As the state faced dire budget scenarios in recent years, reductions in state funding were made to voter approved initiatives to fund school employee compensation allocations (I-732) and programs to improve student achievement (I-728). Reducing these funds affects school districts in two ways: not only do they lose the anticipated state funding; they also lose funds from their local levies because of the reduction in the calculation of the levy base.

Districts are now allowed to calculate the levy base using an artificially inflated factor based on the full amount the district would have received if I-732, I-728 and the K-4 staff ratios had not been reduced. WASA supports this provision because even though it contributes to the state's underfunding of basic education, districts cannot plan for future levy collections if they are constantly faced with the uncertainty of whether or not the state will meet its responsibilities.

WASA's Position on Levy Lids and Local Effort Assistance

The state has not fully funded basic education and so far has no existing vehicle to increase state revenue to meet this obligation. Superior Court Judge John Erlick, in *McCleary v. State of Washington* (February 4, 2010), reiterated the 1978 Supreme Court ruling (Doran I) that the over-reliance on local levies to fund basic education is unconstitutional. WASA will not support any increase in the levy lid and calls upon the legislature to replace local levies with state funding with a fair, equitable, systemic and comprehensive plan to fully fund basic education.

[OSPI presented the following data](#) documenting how districts expended the \$2 billion dollars they received from levies and LEA for 2008-09 to the Quality Education Council on January 6, 2010: 65 percent compensation; 24 percent NERCs (MSOC); six percent Pupil Transportation; and four percent Special Education. By any definition, these are all components of basic education. Because of this, WASA will not support any changes to the LEA funding formula that would result in a decrease in LEA to any school district. LEA is one of the most effective measures the state has taken to meet the constitutional requirement for equity of educational opportunities for all children whether they live in property rich or property poor districts and it should not be reduced. Additionally, WASA will not support any changes to LEA unless the state first addresses its responsibility to fund each of the components of basic education.

Sources

The Organization and Financing of Schools-2009—Office of Superintendent of Public Instruction;
School District Property Tax Levies 2009 Collections—Office of Superintendent of Public Instruction;
Washington Association of School Administrators—Position Papers (1989-2010 Archives);
Network for Excellence in Washington Schools *McCleary v. State*— www.waschoolexcellence.org

Adopted by WASA Board 9/29/2010

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