

LEVY AND LOCAL EFFORT ASSISTANCE TECHNICAL WORKING GROUP

Paula Moore, Office of Financial Management

May 11th, 2010

Levy & LEA Technical Working Group

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□ **Authorizing Legislation**

2009 Session—ESHB 2261 (Sec. 302, Chapter 548, Laws of 2009)

2010 Session—SHB 2776 (Sec. 6, Chapter 236, Laws of 2010)

□ **Agency Support**

Office of Financial Management (OFM) to Convene, with Assistance and Support from the Office of the Superintendent of Public Instruction (OSPI)

□ **Monitored by**

the Legislature and the Quality Education Council (QEC)

□ **Dates**

Convene April 1, 2010. Report to Legislature June 30, 2011.

(Original dates: July 1, 2010 & December 1, 2011)

Original Statutory Charge

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- **New Options**
Develop options for a new system of supplemental school funding through local school levies and local effort assistance.

- **Consider New Basic Education Funding System**
The working group shall consider the impact on overall school district revenues of the new basic education funding system established chapter 548, Laws of 2009.

- **Phase-in Plan**
Recommend a phase-in plan so no school district suffers a decrease in funding due to implementation of the new system of supplemental funding.

Additional Charges (2010)

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- **Facility Capacity**

Examine local school district capacity to address facility needs associated with phasing-in full day kindergarten and K-3 class size reductions; and

- **Analysis for the Quality Education Council (QEC)**

Provide the QEC with analysis on the potential use of local funds that may become available for redirection due to increased state funds for pupil transportation and maintenance, supplies and operating costs (MSOC).

Guiding Questions

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Maintenance and Operation Levies

- Under the new basic education funding law, what should the role of local maintenance and operation levies be?
- How does the new basic education funding shift or impact the policy rationale for the local levy?
- How would proposed adjustments to the levy framework impact districts and taxpayers across the state?
- Review 2010 Legislative proposals.
- Identify and review other proposals and options for a supplemental funding system.

Guiding Questions

Local Effort Assistance

- Will the purpose of equalizing revenues shift if the policy rationale for local levies shift?
- Local effort assistance is currently based upon the levy base, tax rates, and average assessed values. Should a different type of equalization be considered? What would the policy rationales be?
- How would proposed shifts in levy equalization impact districts and taxpayers across the state?
- Review 2010 Legislative proposals.
- Identify and review other proposals and options for local effort assistance.

Guiding Questions

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School Facilities

- Statewide, what is known regarding implementation of class size reduction and all day kindergarten, in terms of facilities needs?
- What lessons can be learned from districts that implemented all day kindergarten?
- What data regarding facility capacity is currently available?
- What new data regarding facility capacity is needed?

Use of Local Funds

- What is known about local districts' use of levy revenues?
- What does the data say and *not* say about local uses?

Levy & LEA Technical Working Group

Members

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Member	Organization	Title
Brian Benzel	Whitworth University	Vice President, Finance & Administration
Don Cox	Retired	(Prior Superintendent, Legislator, & Professor)
Harvey Erickson	Bethel School District	Chief Financial Officer
Nancy Faaren	Olympia School District	Principal, Capital High School
Larry Francois	Northshore School District	Superintendent
Scott Izutsu	Yakima School District	Assistant Superintendent, Financial Services
Michael Mann	Legislative Evaluation and Accountability Program	Managing Consultant
Sally McLean	Federal Way School District	Chief Financial Officer
Doug Nelson	Public School Employees	Government Relations Director
Randy Parr	Washington Education Association	Budget Analyst/Lobbyist
Douglas Poole	North Central Education Service District	Executive Director, Division of Administrative Services
Larry Quarnstrom	Rochester School District	Facilities Director
Ted Thomas	Longview School District	School Board Director
Valerie Torres (Diann Locke)	Department of Revenue	Tax Policy Specialist
Carolyn Webb	Mukilteo School District	Executive Director for Business Services

Draft Timeline

April & May, 2010

- Work Plan & Meeting Schedule
- Common Understanding of the Levies, LEA, and the Basic Education Legislation

June & July, 2010

- Explore Issues Around Current Operation of Levies, LEA, and Facility Issues
- Begin to Identify and Investigate Other Options

August & September, 2010

- Continue to Identify and Analyze Options for Levies and LEA
- Issues and Needs Regarding Facilities; (*Subgroup?*)

October & November, 2010

- Continued Investigation of Options;
- Draft Option Analysis

Draft Timeline

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December, 2010

- Map Different Policy Options & Findings of Group
- Model the Impact of Options on Districts
- Investigate the Interaction of Levy Proposals and Equalization Proposals

January & February, 2011

- Evaluation of Options—Pro and Cons, Technical & Implementation Issues

March & April, 2011

- Continue Evaluation of Options

May-June, 2011

- Prepare Draft Report, Distribute for Public Review & Comment
- Receive Public Comment, Review, Discuss, Adjust Draft
- Submit Final Report to Legislature and QEC

Working Group Updates

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- **1st Meeting**

Friday, May 21

Puget Sound ESD/Blackriver Conference Center

- **Email Listserv**

Meeting Reminders and General Updates

Send email to: listserv@listserv.wa.gov with the following command in the subject and body of the email: SUBSCRIBE LEVY-LEA-TECHWKGP

- **Website**

Meeting Dates & Times, Materials, and Other Information

<http://www.ofm.wa.gov/levy>

- **Additional Questions?**

Contact Paula Moore, Official of Financial Management

paula.moore@ofm.wa.gov or (360) 902-0540

QEC Input and Discussion

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- SHB 2776 new language to “provide the QEC with analysis on the potential use of local funds...”
- Additional Input?
- Others?

MEMO

To: Members of the Quality Education Council
From: Paula Moore, Office of Financial Management
RE: **The Levy & Local Effort Assistance Technical Working Group**
Date: May 3rd, 2010

Purpose: Update and Opportunity for Discussion

At the Quality Education Council meeting next week, the Office of Financial Management will present a status update on the levy and local effort assistance technical working group. This will include a draft set of tasks and key questions the working group will consider at its first meeting. Time will be provided for the Quality Education Council members to provide input to the working group, including key questions it might want to consider, tasks, and/or specific proposals the working group could explore.

The following information is included for your review:

- the members of the technical working group; (Attachment A)
- the charge of the working group (as provided in statute) and a draft of key dates and tasks (Attachment B)
- a draft of key questions for the working group to consider (Attachment C)
- the authorizing legislation (Section 6 of Chapter 236, Laws of 2010—SHB 2776)

Contact Information

If you have additional questions regarding the Levy and Local Effort Assistance Technical Working Group, please contact Paula Moore at the Office of Financial Management at 360-902-0540 or paula.moore@ofm.wa.gov .

Attachment A: List of Members

Levy and Local Effort Assistance Technical Working Group

Member	Organization	Title	Nominated by
Brian Benzel	Whitworth University	Vice President, Finance and Administration	At Large
Don Cox	Retired	(Prior Superintendent, Legislator, and Professor)	At Large
Harvey Erickson	Bethel School District	Chief Financial Officer	At Large
Nancy Faaren	Olympia School District	Principal, Capital High School	Association of Washington School Principals
Larry Francois	Northshore School District	Superintendent	Washington Association of School Administrators
Scott Izutsu	Yakima School District	Assistant Superintendent, Financial Services	At Large
Michael Mann	Legislative Evaluation and Accountability Committee	Managing Consultant	LEAP
Sally McLean	Federal Way School District	Chief Financial Officer	At Large
Doug Nelson	Public School Employees of Washington/SEIU 1948	Government Relations Director	PSE/SEIU 1948
Randy Parr	Washington Education Association	Budget Analyst/Lobbyist	WEA
Douglas Poole	North Central Education Service District	Executive Director, Division of Administrative Services	At Large
Larry Quarnstrom	Rochester School District	Maintenance Director	At Large
Ted Thomas	Longview School District	School Board Director	Washington State School Directors' Association
Valerie Torres (Diann Locke)	Department of Revenue	Tax Policy Specialist	DOR
Carolyn Webb	Mukilteo School District	Executive Director for Business Services	Washington Association of School Business Officials

Attachment B: Key Dates & Tasks (Draft)

Levy and Local Effort Assistance Technical Working Group

Charge to the Working Group:

Section 6 of Chapter 236, Laws of 2010 (SHB 2776), outlines the purpose and duties of the working group.
Those duties are:

- Develop options for a new system of supplemental school funding through local school levies and local effort assistance;
- Recommend a phase-in plan so no school district suffers a decrease in funding due to implementation of the new system of supplemental funding;
- Examine local school district capacity to address facility needs associated with phasing in full day kindergarten and K-3 class size reductions; and
- Provide the Quality Education Council with analysis on the potential use of local funds that may become available for redirection due to increased state funds for pupil transportation and maintenance, supplies and operating costs (MSOC).

Draft Key Dates & Tasks (Proposal—To be Discussed by Working Group)

Dates	Tasks for the Levy and Local Effort Assistance Technical Working Group
April-May, 2010	<ul style="list-style-type: none"> • Appoint Members • Develop Work Plan • Develop Meeting Schedule • Develop a Common Understanding of the Levies, LEA, and the Basic Education Legislation
June-July, 2010	<ul style="list-style-type: none"> • Explore Issues Around Current Operation of Levies, LEA, and Facility Issues
Aug.-Sept., 2010	<ul style="list-style-type: none"> • Identification & Brainstorming of Options for Levies and LEA • Start Identification of Issues and Needs Regarding Facilities; <i>(Form Subgroup for Further Exploration?)</i>
Oct.-Nov., 2010	<ul style="list-style-type: none"> • Continued Investigation of Options; • Develop Draft Option Analysis –Identify Additional Data and Analysis Needed • Determine Additional Data Necessary for Evaluation
Dec., 2010	<ul style="list-style-type: none"> • Map Different Policy Options & Findings of Group • Model the Impact of Options on Districts • Investigate the Interaction of Various Levy Proposals and Equalization Proposals
Jan.-Feb., 2011	<ul style="list-style-type: none"> • Report on Investigation of How Differing Proposals Interact • Begin Evaluation of Different Options—Pro and Cons, Technical and Implementation Issues to be Considered
March-April, 2011	<ul style="list-style-type: none"> • Continue Evaluation of Different Options—Provide Additional Information & Analysis on Technical And Implementation Issues
May-June, 2011	<ul style="list-style-type: none"> • Prepare Draft Report • Review, Discuss, Adjust Draft • Submit Final Report to Legislature and QEC

Attachment C: Key Questions (Proposal—To be Discussed by Working Group)

M&O Levies, Under Current Statute:

- What is the statutory goal of the levy? Additionally, statewide, is the goal of the statute being met?
- Statewide, how has the role of the levy shifted over time?
- What is the role of the levy *within individual communities*? How does that vary around the state?
- What is known about local districts' use of levy revenues? What does the data *say* and *not say* about local uses?
- Over the last decade, how have shifts in property values and local levy bases impacted a district's ability to pass a levy?

M&O Levies, Assuming a phase-in of the new basic education law that provides additional funding to districts:

- How does the new basic education funding shift or impact the policy rationale for the local levy?
- Under the new law, what should be considered supplemental and supported with local funding?
- Should different constraints to local levy revenues be considered?
- Should adjustments to the levy base be considered?
- How would proposed adjustments to the levy framework impact districts across the state?
- Review 2010 Legislative Proposals

Local Effort Assistance (Levy Equalization), Under Current Statute:

- Statewide, what is the statutory goal of the levy equalization?
- Statewide, is the goal of the statute being met?
- Statewide, how has the role of the levy equalization shifted over time?
- How does levy equalization impact different communities and districts across the state?
- What is known about how local districts use of levy equalization revenues? What does the data say and not say about local uses?
- Over the last decade, how have shifts in property values and local levy bases impacted a district's receipt of levy equalization funds?

Local Effort Assistance (Levy Equalization), Assuming a phase-in of the new basic education law that provides additional funding to districts:

- Will the purpose of equalizing revenues shift if the policy rationale for local levies shift?
- Levy equalization is currently based upon the levy base, tax rates, and average assessed values. Should a different type of equalization be considered? What would the policy rationales be?
- How would proposed shifts in levy equalization impact districts across the state?
- Review 2010 Legislative Proposals

School Facilities:

- Statewide, what is known regarding implementation of class size reduction and all day kindergarten, in terms of facilities and maintenance needs?
- What lessons can be learned from districts that implemented all day kindergarten?
- What data regarding facility capacity is currently available?