



Federal Way
Public Schools
Every Student, a Reader

2009-10 Budget Planning

Updates

Budget Updates

ARRA – Economic Stimulus Package

- While a dollar is a dollar,
\$1 of ARRA is NOT equivalent to a \$1 of State Funding
or a \$1 of Levy because it CANNOT buy the same
programs.



Superintendent's Recommendation

The Constitutional Obligation: Article 9

Section 1 Preamble:

It is the paramount (superior to all others) duty of the state to make ample provision for the education of ALL children residing within its borders, without distinction or preference on account of race, color, caste, or SEX (emphasis and wording added).

Section 2 Public School System:

The legislature shall provide for a general and uniform system of public schools.



Superintendent's Recommendation

LEGISLATIVE ALERT

Legislators may be called back to a special session to deal with HB 1776. HB 1776 is a piece of legislation that simply does two things:

1. Takes levy equalization money from the poorest school districts in the state, and
2. Allows the richest districts to collect more money from their taxpayers.

NOTHING could be further from the intent of the Constitution and we must do all we can to fight this legislation.



Budget Updates

No Special Session

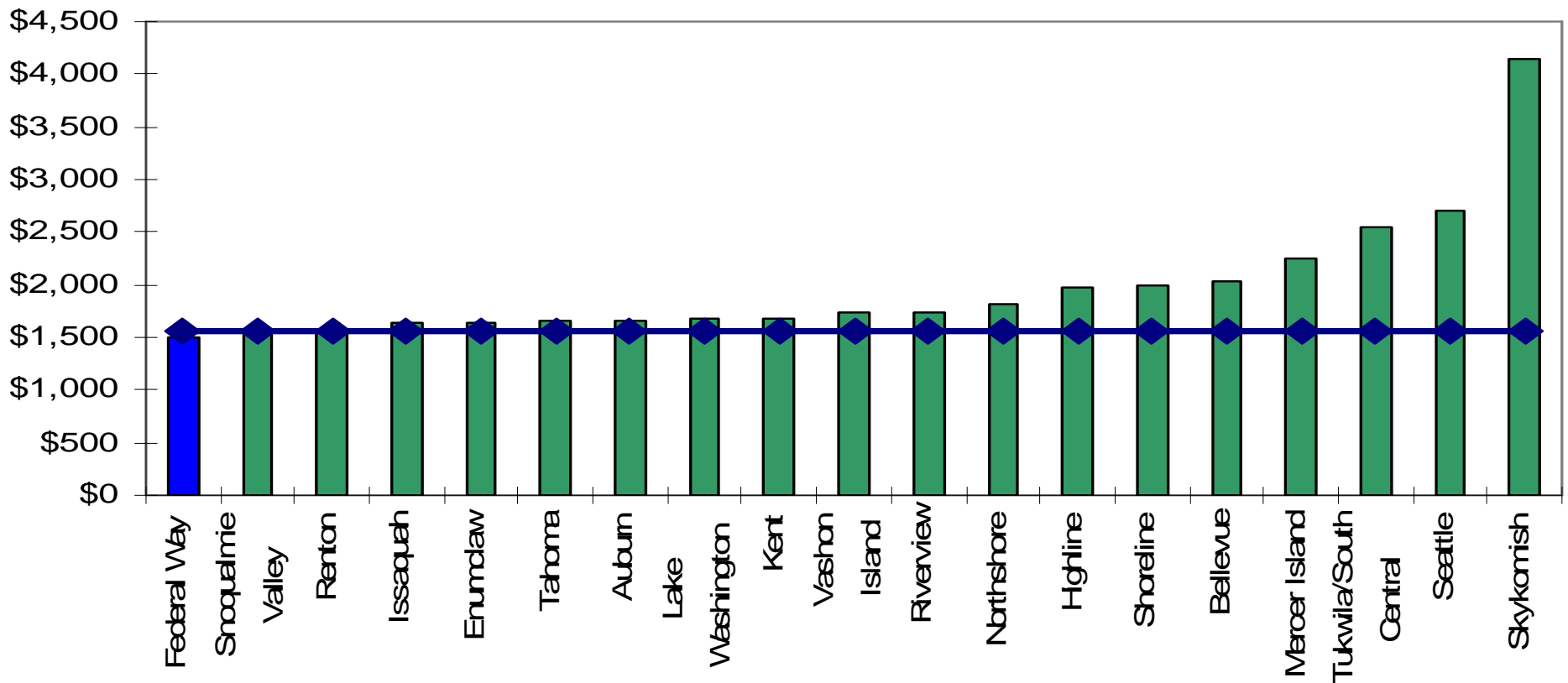
HB 1776 WILL be a HOT Topic during 2010

- Inflates Levy Base Calculations
- Increases Levy Lids by 4%
- Allows a Supplemental Levy
- Reduces Local Effort Assistance
- Widens Funding Level Differences



Current Discrepancies

2009 Levy Dollars per Student



May 12, 2009



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SHB 1776 Inflates Levy Base

Definitions

Levy Base: *a complex formula containing a mix of*

- estimated state revenues (some actuals, some pretend), and
- estimated federal revenues (some actuals, some based on budgets),
- adjusted for the difference in the “base” year
(a school year) and the levy year (a calendar year)



SHB 1776 Inflates Levy Base

Levy Base Calculations

State Dollars		
+ <u>Federal Dollars</u>		
- Levy Base		
<u>X Levy Inflator</u>		
= Adjusted Levy Base		



SHB 1776 Changes Levy Lids

Definitions

Levy Lid: *a statutorily-identified percentage*

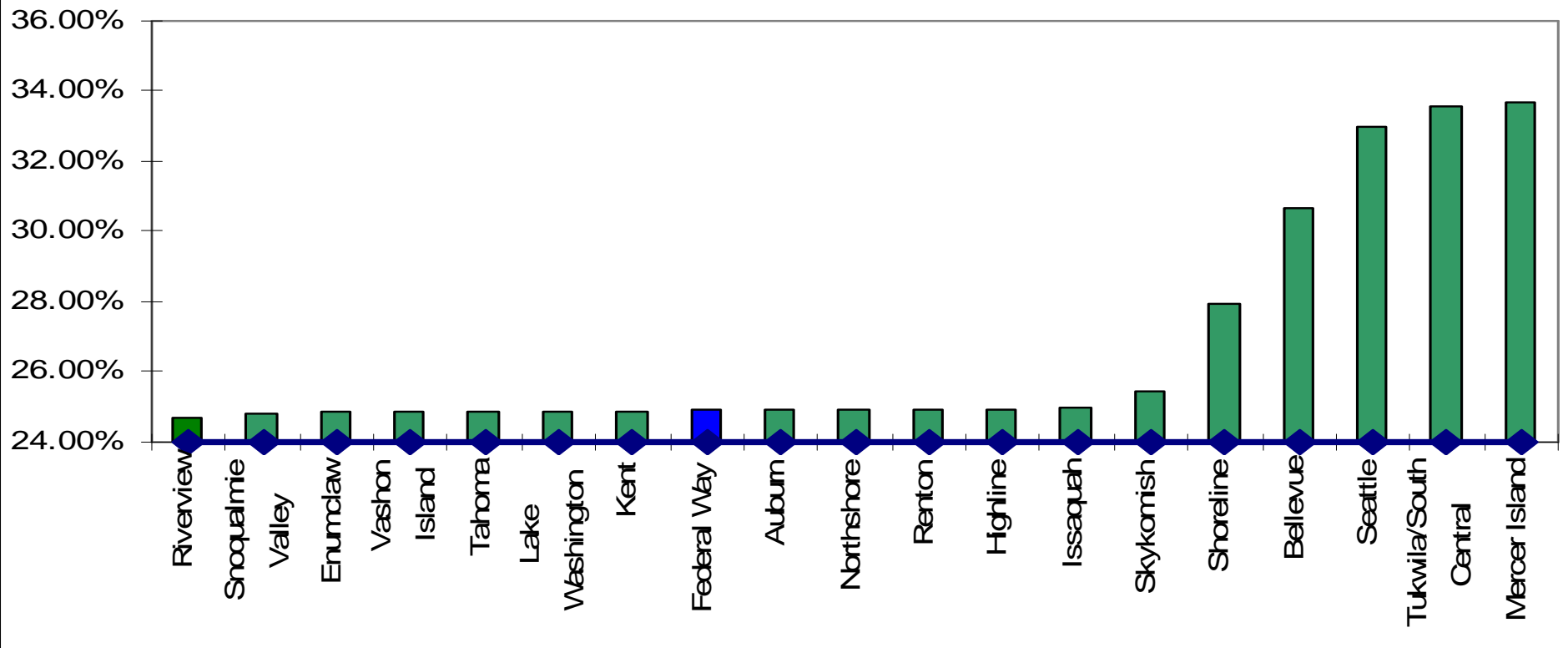
- the calculated levy base multiplied by the Levy Lid
- establishes the maximum collectible levy amount

Some school districts are “grandfathered” with higher levy lids – ranging from 24.01% to 33.90%, compounding inequities in funding from district to district



SHB 1776 Changes Levy Lids

King County Levy Lids Above 24.0%



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Current Levy Lid Discrepancy

Example: Levy Bases Identical, **Different Levy Lids**

Levy Base	\$10,000,000	\$10,000,000	
Levy Lid	<u>24.90%</u>	<u>32.97%</u>	←
Max. Collect. Levy	\$2,490,000	\$3,297,000	
\$ per Student	\$2,490.00	\$3,297.00	←

Result is NOT General and Uniform

SHB 1776 Allows Supplemental Levy

Definitions

Maximum Collectible Levy: **NEVER** equal to Voter-Authorized Levy. It is a mathematical calculation (levy base * levy lid), subject to Legislative action.

Voter-Authorized Levy: the maximum amount a district can collect from local voters.

SHB 1776 artificially inflates both the base and the lid, creating Maximums > Authorized.



SHB 1776 Reduces the “Match”

Definitions

Local Effort Assistance (aka Levy Equalization): is state money paid to eligible districts to “match” general fund levies. These payments help school districts with above-average tax rates due to low property valuations.

- *The “match” is generated on a levy base calculated using a 12% levy lid (one-half of the 24% established state-wide levy lid).*
- **If Levy Lids are increased, the Match should be increased.**



Tax Rates and Local Effort Assistance

Example: Impacts of Assessed Valuation

Equal Levy Amounts	\$2,490,000	\$2,490,000
Assessed Valuation (AV)	\$12.7 B	\$121.0 B
Calculated Tax Rate	\$0.20	\$0.02

Cost to Homeowners with *Equal Home Values, Different Districts*

Average Home Value	\$300,000	\$300,000
Average Tax Bill	\$58.83	\$6.17



Tax Rates and Local Effort Assistance

Example: Impacts of Assessed Valuation

Equal Levy Amounts	\$2,490,000	\$2,490,000
Less Levy Equalization	<u>(490,000)</u>	<u>(0)</u>
Adjusted Levy Base	\$2,000,000	\$2,490,000
Assessed Valuation (AV)	\$12.7 B	\$121.0 B
<u>Cost to Homeowners with <i>Equal Home Values, Different Districts</i></u>		
Average Home Value	\$300,000	\$300,000
Average Tax Bill	\$47.25	\$6.17



Budget Updates

**HB 1776, as amended,
broadens existing funding discrepancies
AND shifts more of the State's constitutional obligation
to local voters.**

HB 1776 WILL be a HOT Topic during 2010

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Upcoming Budget Topics

Subject to Change

Public Comment	May 12
Public Comment	May 26
Public Hearing	June 9
Public Hearing & Board Adoption	June 23

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Contact Information

Questions & Comments

www.fwps.org/budget

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