

GOVERNOR'S 2011 PRELIMINARY PROPOSAL TO RESTRUCTURE K-12 LEVY EQUALIZATION

Today, levy equalization is a \$600 million per biennium state tax relief program for school districts. The program is by far the largest state funding program in K-12 that is not included in the Legislature's definition of basic education.

Governor Gregoire reviewed many budget reduction alternatives across state government that would reduce state support to local governments and communities. In making preliminary budget choices across all of these programs, the Governor has attempted to focus state assistance on the most critically needy communities. Further, she recognizes local governments and communities—including school districts—need time to adjust their budgets and services to the loss of state resources.

Governor's Goals for Levy Equalization:

1. **Avoid complete elimination of the levy equalization program.**
2. **Achieve significant state savings** both in the current biennium and in the ensuing 2013-15 biennium. Budget pressure in the state general fund will continue for some time.
3. **Protect those districts with the lowest assessed valuations** (highest potential levy tax rates) as much as possible.
4. **Refocus the program on the neediest districts.**
5. **Give all levy equalization districts as much time as possible to adjust to reductions** to the program by implementing reductions beginning in calendar year 2013.

Proposal:

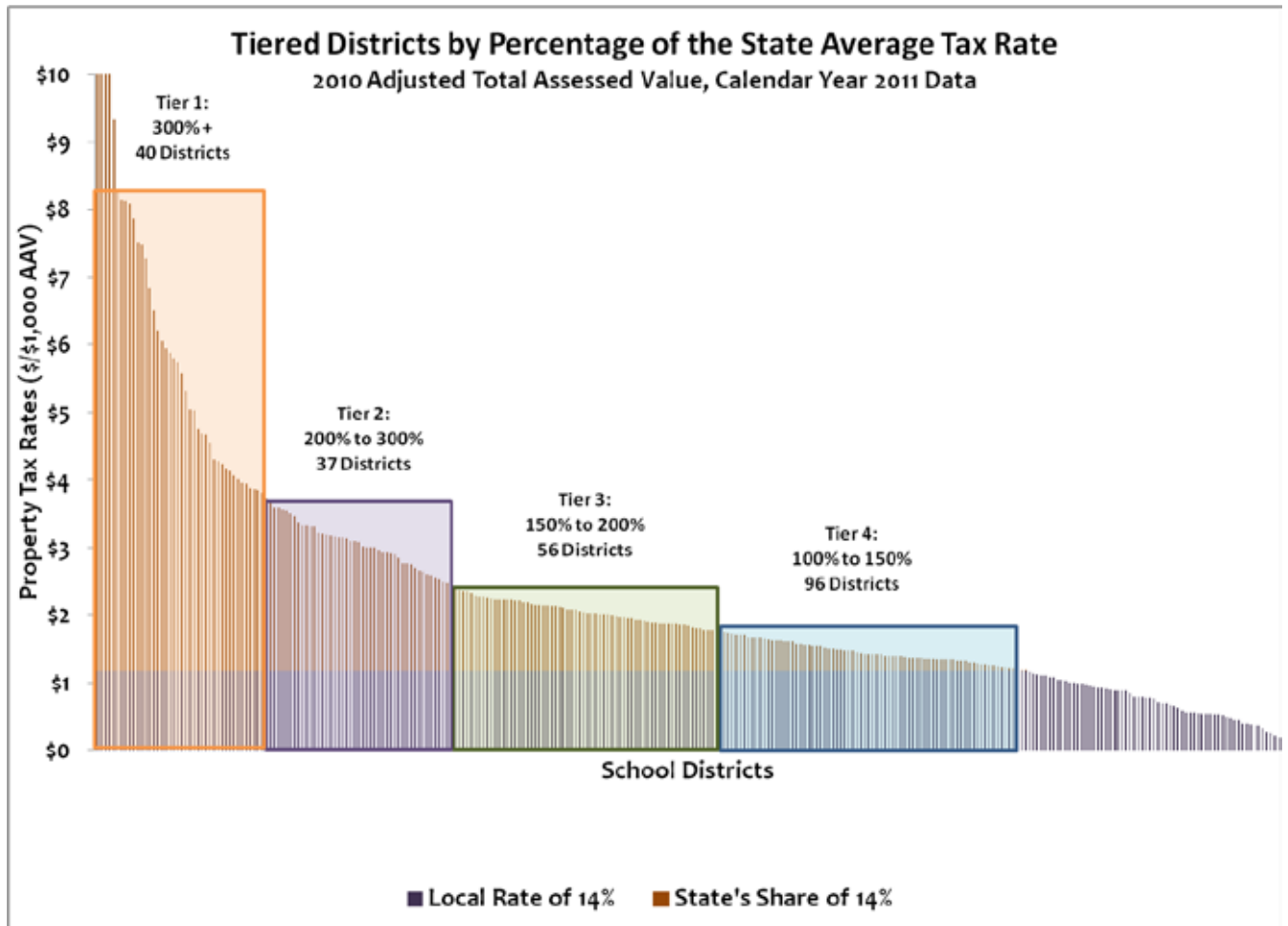
For fiscal year 2013, the state's total levy equalization payments are reduced by \$150 million. This is achieved through two adjustments beginning in calendar year 2013: 1) restructure levy equalization into four tiers of school districts, with targeted reduction amounts based on districts' relative need; and 2) shift timing of levy equalization payments. The proposal does not change calendar year 2012 equalization payments.

Tiered Equalization

The Governor's proposal restructures districts into four tiered groups, based on each district's property tax rate for maintenance and operations levies. Districts with the highest property tax rates will receive the lowest proposed reduction to levy equalization support.

Levy equalization payments for calendar year 2013 will be reduced as follows:

Levy Equalization TIER	Percent Reduction to Levy Equalization	Local Property Tax Rate Percentage Above State Average	Number of Districts in the Tier
TIER 1	(10%)	Over 300%	40
TIER 2	(25%)	Between 200% and 300%	37
TIER 3	(50%)	Between 150% and 200%	56
TIER 4	(100%)	Between 100% and 150%	96



Timing

The Governor recognizes districts need time to adjust to a change in levy equalization. Delaying implementation of levy equalization reductions until calendar year 2013 does three things. It:

1. Avoids mid-year reductions in the current school year;
2. Gives districts time to adjust their budgets for the 2012-13 school year; and
3. Provides districts with time to adjust levy requests and certifications for 2013 levies.

Additionally, the Governor proposes shifting 2013 levy equalization payments to districts from the spring to the summer. This avoids adverse immediate impacts to schools, while still achieving necessary state savings this biennium.

Preliminary Proposal to Restructure K-12 Levy Equalization

District Detail by Tier. Reduction Implementation in Calendar Year 2013

Tier 4 Districts---100% Reduction. The tax rate is 100% to 150% of the statewide average tax rate for a partial levy. Impacts 96 districts.

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Adna	\$179,966	(\$179,966)	-100%
Arlington	\$979,724	(\$979,724)	-100%
Auburn	\$3,317,163	(\$3,317,163)	-100%
Boistfort	\$9,316	(\$9,316)	-100%
Bremerton	\$1,098,729	(\$1,098,729)	-100%
Burlington Edison	\$486,831	(\$486,831)	-100%
Camas	\$1,122,557	(\$1,122,557)	-100%
Castle Rock	\$502,187	(\$502,187)	-100%
Central Kitsap	\$3,706,208	(\$3,706,208)	-100%
Central Valley	\$4,317,793	(\$4,317,793)	-100%
Centralia	\$748,061	(\$748,061)	-100%
Chehalis	\$646,599	(\$646,599)	-100%
Cheney	\$988,069	(\$988,069)	-100%
Chewelah	\$361,953	(\$361,953)	-100%
College Place	\$249,364	(\$249,364)	-100%
Columbia (Walla)	\$291,248	(\$291,248)	-100%
Concrete	\$193,546	(\$193,546)	-100%
Conway	\$65,102	(\$65,102)	-100%
Coulee/Hartline	\$59,986	(\$59,986)	-100%
Crescent	\$12,550	(\$12,550)	-100%
Damman	\$1,040	(\$1,040)	-100%
Darrington	\$148,675	(\$148,675)	-100%
Dixie	\$29,020	(\$29,020)	-100%
Eatonville	\$319,113	(\$319,113)	-100%
Ellensburg	\$411,103	(\$411,103)	-100%
Elma	\$567,719	(\$567,719)	-100%
Entiat	\$167,196	(\$167,196)	-100%
Enumclaw	\$633,630	(\$633,630)	-100%
Everett	\$1,536,898	(\$1,536,898)	-100%
Evergreen (Stev) (No Levy)	\$0	\$0	n/a
Federal Way	\$7,975,310	(\$7,975,310)	-100%
Ferndale	\$498,148	(\$498,148)	-100%
Freeman	\$337,921	(\$337,921)	-100%
Granite Falls	\$639,551	(\$639,551)	-100%
Great Northern	\$2,955	(\$2,955)	-100%
Green Mountain	\$37,499	(\$37,499)	-100%
Highline	\$1,704,525	(\$1,704,525)	-100%
Kent	\$4,597,354	(\$4,597,354)	-100%

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Kittitas	\$191,265	(\$191,265)	-100%
Lacrosse Joint	\$71,297	(\$71,297)	-100%
Lakewood	\$73,513	(\$73,513)	-100%
Lind	\$83,913	(\$83,913)	-100%
Longview	\$1,804,344	(\$1,804,344)	-100%
Loon Lake	\$25,983	(\$25,983)	-100%
Lyle	\$49,452	(\$49,452)	-100%
Lynden	\$328,442	(\$328,442)	-100%
Mary M Knight	\$90,767	(\$90,767)	-100%
Marysville	\$4,512,961	(\$4,512,961)	-100%
Mead	\$3,448,531	(\$3,448,531)	-100%
Monroe	\$1,763,502	(\$1,763,502)	-100%
Morton	\$135,920	(\$135,920)	-100%
Moses Lake	\$1,814,737	(\$1,814,737)	-100%
Mossyrock	\$89,969	(\$89,969)	-100%
Mount Baker	\$306,505	(\$306,505)	-100%
Naches Valley	\$547,450	(\$547,450)	-100%
Newport	\$399,979	(\$399,979)	-100%
Nooksack Valley	\$611,357	(\$611,357)	-100%
North Thurston	\$1,709,226	(\$1,709,226)	-100%
Oak Harbor	\$1,088,888	(\$1,088,888)	-100%
Orchard Prairie	\$12,639	(\$12,639)	-100%
Palisades	\$28,931	(\$28,931)	-100%
Port Angeles	\$371,353	(\$371,353)	-100%
Prescott	\$85,656	(\$85,656)	-100%
Pullman	\$205,979	(\$205,979)	-100%
Puyallup	\$6,105,910	(\$6,105,910)	-100%
Quilcene	\$31,977	(\$31,977)	-100%
Quincy	\$454,923	(\$454,923)	-100%
Rearadan	\$261,285	(\$261,285)	-100%
Republic	\$195,682	(\$195,682)	-100%
Ritzville	\$87,589	(\$87,589)	-100%
Sedro Woolley	\$1,208,728	(\$1,208,728)	-100%
Selkirk	\$113,802	(\$113,802)	-100%
Shelton	\$1,372,827	(\$1,372,827)	-100%
Skykomish	\$4,927	(\$4,927)	-100%
Snohomish	\$1,346,114	(\$1,346,114)	-100%
South Kitsap	\$1,625,630	(\$1,625,630)	-100%
Southside	\$122,461	(\$122,461)	-100%
St John	\$117,635	(\$117,635)	-100%
Steilacoom Hist.	\$793,647	(\$793,647)	-100%
Stevenson-Carson (No Levy)	\$0	\$0	n/a
Sultan	\$856,148	(\$856,148)	-100%
Sumner	\$1,030,510	(\$1,030,510)	-100%

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Tacoma	\$6,384,324	(\$6,384,324)	-100%
Tahoma	\$1,093,918	(\$1,093,918)	-100%
Tenino	\$151,224	(\$151,224)	-100%
Thorp	\$82,172	(\$82,172)	-100%
Touchet	\$113,002	(\$113,002)	-100%
Toutle Lake	\$235,972	(\$235,972)	-100%
Trout Lake	\$108,254	(\$108,254)	-100%
Tumwater	\$741,792	(\$741,792)	-100%
University Place	\$1,931,681	(\$1,931,681)	-100%
Vancouver	\$8,437,198	(\$8,437,198)	-100%
Wahkiakum	\$27,414	(\$27,414)	-100%
Washougal	\$747,691	(\$747,691)	-100%
White River	\$692,889	(\$692,889)	-100%
White Salmon	\$26,402	(\$26,402)	-100%
Woodland	\$460,717	(\$460,717)	-100%
Tier 4 Subtotal	\$95,761,613	-\$95,761,613	-100%

Tier 3 Districts---50% Reduction. The tax rate is 150% to 200% of the statewide average tax rate for a partial levy. Impacts 56 districts.

Asotin-Anatone	\$289,131	(\$144,565)	-50%
Battle Ground	\$6,275,086	(\$3,137,543)	-50%
Bethel	\$7,632,000	(\$3,816,000)	-50%
Carbonado	\$127,153	(\$63,576)	-50%
Cashmere	\$705,313	(\$352,656)	-50%
Clarkston	\$1,594,047	(\$797,023)	-50%
Clover Park	\$7,474,246	(\$3,737,123)	-50%
Colfax	\$260,231	(\$130,115)	-50%
Colton	\$139,567	(\$69,783)	-50%
Cosmopolis	\$169,529	(\$84,764)	-50%
East Valley	\$1,891,717	(\$945,858)	-50%
East Valley (Yak)	\$1,504,596	(\$752,298)	-50%
Eastmont	\$2,726,549	(\$1,363,274)	-50%
Evergreen (Clark)	\$13,624,200	(\$6,812,100)	-50%
Franklin Pierce	\$4,185,412	(\$2,092,706)	-50%
Harrington	\$139,958	(\$69,979)	-50%
Hockinson	\$779,922	(\$389,961)	-50%
Kettle Falls	\$485,802	(\$242,901)	-50%
Lacenter	\$581,314	(\$290,657)	-50%
Lake Stevens	\$2,941,610	(\$1,470,805)	-50%
Lamont	\$49,440	(\$24,720)	-50%
Mc Cleary	\$258,971	(\$129,485)	-50%
Meridian	\$855,805	(\$427,902)	-50%
Mill A (No Levy)	\$0	\$0	n/a
Montesano	\$529,046	(\$264,523)	-50%

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Mount Pleasant	\$46,996	(\$23,498)	-50%
Mt Vernon	\$3,267,070	(\$1,633,535)	-50%
Napavine	\$363,975	(\$181,987)	-50%
Naselle Grays Riv	\$221,400	(\$110,700)	-50%
Nine Mile Falls	\$625,319	(\$312,659)	-50%
Odessa	\$147,242	(\$73,621)	-50%
Onalaska	\$478,945	(\$239,472)	-50%
Orting	\$906,466	(\$453,233)	-50%
Pateros	\$186,550	(\$93,275)	-50%
Pe Ell	\$169,762	(\$84,881)	-50%
Pomeroy	\$172,694	(\$86,347)	-50%
Rainier	\$346,814	(\$173,407)	-50%
Richland	\$4,148,188	(\$2,074,094)	-50%
Riverside	\$854,072	(\$427,036)	-50%
Rochester	\$1,028,916	(\$514,458)	-50%
Selah	\$1,839,183	(\$919,591)	-50%
Spokane	\$13,277,147	(\$6,638,573)	-50%
Sprague	\$107,929	(\$53,964)	-50%
Stehekin (No Levy)	\$0	\$0	n/a
Toledo	\$424,488	(\$212,244)	-50%
Walla Walla	\$3,293,971	(\$1,646,985)	-50%
Waterville	\$196,027	(\$98,013)	-50%
Wenatchee	\$3,794,622	(\$1,897,311)	-50%
West Valley (Spo)	\$1,643,825	(\$821,912)	-50%
West Valley (Yak)	\$2,072,992	(\$1,036,496)	-50%
Wilbur	\$153,935	(\$76,967)	-50%
Willapa Valley	\$264,340	(\$132,170)	-50%
Winlock	\$471,688	(\$235,844)	-50%
Yelm	\$2,315,375	(\$1,157,687)	-50%
Tier 3 Subtotal	\$98,040,576	-\$49,020,277	-50%

Tier 2 Districts---25% Reduction. The tax rate is 200% to 300% of the statewide average tax rate for a partial levy. Impacts 37 districts.

Aberdeen	\$2,501,603	(\$625,401)	-25%
Almira	\$186,952	(\$46,738)	-25%
Benge	\$34,742	(\$8,686)	-25%
Brewster	\$958,873	(\$239,718)	-25%
Colville	\$1,834,037	(\$458,509)	-25%
Curlew	\$135,417	(\$33,854)	-25%
Davenport	\$405,067	(\$101,267)	-25%
Deer Park	\$1,888,564	(\$472,141)	-25%
Endicott	\$163,321	(\$40,830)	-25%
Ephrata	\$1,615,827	(\$403,957)	-25%

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Finley	\$707,683	(\$176,921)	-25%
Grand Coulee Dam	\$495,723	(\$123,931)	-25%
Highland	\$964,653	(\$241,163)	-25%
Hoquiam	\$1,407,444	(\$351,861)	-25%
Kelso	\$2,983,217	(\$745,804)	-25%
Kennewick	\$10,302,934	(\$2,575,733)	-25%
Kiona Benton	\$1,246,086	(\$311,521)	-25%
Medical Lake	\$1,549,605	(\$387,401)	-25%
North Franklin	\$1,716,115	(\$429,029)	-25%
Northport	\$236,271	(\$59,068)	-25%
Oakesdale	\$167,605	(\$41,901)	-25%
Oakville	\$320,461	(\$80,115)	-25%
Omak	\$1,967,900	(\$491,975)	-25%
Palouse	\$172,357	(\$43,089)	-25%
Prosser	\$2,246,871	(\$561,718)	-25%
Quinault	\$186,491	(\$46,623)	-25%
Rosalia	\$233,680	(\$58,420)	-25%
Royal	\$1,331,700	(\$332,925)	-25%
Satsop	\$86,485	(\$21,621)	-25%
Soap Lake	\$532,028	(\$133,007)	-25%
Star (No Levy)	\$0	\$0	n/a
Starbuck (No Levy)	\$0	\$0	n/a
Steptoe	\$48,979	(\$12,245)	-25%
Tonasket	\$766,363	(\$191,591)	-25%
Union Gap	\$560,057	(\$140,014)	-25%
Waitsburg	\$282,758	(\$70,689)	-25%
Warden	\$866,957	(\$216,739)	-25%
Wishkah Valley	\$158,627	(\$39,657)	-25%
Tier 2 Subtotal	\$41,263,453	-\$10,315,862	-25%

Tier 1 Districts---10% Reduction. The tax rate is 300% or greater of the statewide average tax rate for a partial levy. Impacts 40 districts.

Bridgeport	\$944,745	(\$94,474)	-10%
Cape Flattery	\$583,877	(\$58,388)	-10%
Columbia (Stev)	\$180,363	(\$18,037)	-10%
Garfield	\$197,822	(\$19,782)	-10%
Glenwood	\$187,674	(\$18,767)	-10%
Grandview	\$3,532,986	(\$353,299)	-10%
Granger	\$1,770,141	(\$177,014)	-10%
Inchelium (No Levy)	\$0	\$0	n/a
Kahlotus	\$203,111	(\$20,311)	-10%
Keller	\$100,491	(\$10,049)	-10%
Klickitat	\$231,275	(\$23,127)	-10%

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Mabton	\$1,012,164	(\$101,216)	-10%
Mansfield	\$195,061	(\$19,506)	-10%
Mary Walker	\$507,812	(\$50,781)	-10%
Mount Adams	\$613,400	(\$61,340)	-10%
Nespelem	\$193,937	(\$19,394)	-10%
North River (No Levy)	\$0	\$0	n/a
Okanogan	\$1,006,133	(\$100,613)	-10%
Onion Creek	\$108,410	(\$10,841)	-10%
Orient (No Levy)	\$0	\$0	n/a
Othello	\$3,377,368	(\$337,737)	-10%
Pasco	\$12,712,905	(\$1,271,290)	-10%
Queets-Clearwater	\$85,855	(\$8,585)	-10%
Quillayute Valley	\$3,179,586	(\$317,959)	-10%
Raymond	\$729,701	(\$72,970)	-10%
South Bend	\$561,025	(\$56,102)	-10%
Summit Valley	\$235,914	(\$23,592)	-10%
Sunnyside	\$5,938,456	(\$593,845)	-10%
Taholah	\$317,375	(\$31,737)	-10%
Tekoa	\$294,187	(\$29,419)	-10%
Toppenish	\$4,554,440	(\$455,444)	-10%
Valley	\$1,120,765	(\$112,076)	-10%
Wahluke	\$2,134,168	(\$213,417)	-10%
Wapato	\$3,078,472	(\$307,847)	-10%
Washtucna	\$212,434	(\$21,243)	-10%
Wellpinit (No Levy)	\$0	\$0	n/a
Wilson Creek	\$221,081	(\$22,108)	-10%
Wishram (No Levy)	\$0	\$0	n/a
Yakima	\$14,704,901	(\$1,470,490)	-10%
Zillah	\$1,065,969	(\$106,597)	-10%
Tier 1 Subtotal	\$66,094,004	-\$6,609,397	-10%

Non-Levy Equalization Districts

Anacortes	\$0
Bainbridge	\$0
Bellevue	\$0
Bellingham	\$0
Bickleton	\$0
Blaine	\$0
Brinnon	\$0
Cascade	\$0
Centerville	\$0
Chimacum	\$0
Cle Elum-Roslyn	\$0
Coupeville	\$0

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Creston		\$0	
Cusick		\$0	
Dayton		\$0	
Dieringer		\$0	
Easton		\$0	
Edmonds		\$0	
Evaline		\$0	
Fife		\$0	
Goldendale		\$0	
Grapeview		\$0	
Griffin		\$0	
Hood Canal		\$0	
Index		\$0	
Issaquah		\$0	
Kalama		\$0	
La Conner		\$0	
Lake Chelan		\$0	
Lake Washington		\$0	
Liberty		\$0	
Lopez		\$0	
Manson		\$0	
Mercer Island		\$0	
Methow Valley		\$0	
Mukilteo		\$0	
North Beach		\$0	
North Kitsap		\$0	
North Mason		\$0	
Northshore		\$0	
Ocean Beach		\$0	
Ocosta		\$0	
Olympia		\$0	
Orcas		\$0	
Orondo		\$0	
Oroville		\$0	
Paterson		\$0	
Peninsula		\$0	
Pioneer		\$0	
Port Townsend		\$0	
Renton		\$0	
Ridgefield		\$0	
Riverview		\$0	
Roosevelt		\$0	
San Juan		\$0	
Seattle		\$0	

District	Current Law LEA for Calendar Year 2013	LEA Reduction for Calendar Year 2013	Percent Cut to LEA for Calendar Year 2013
Sequim		\$0	
Shaw		\$0	
Shoreline		\$0	
Skamania		\$0	
Snoqualmie Valley		\$0	
South Whidbey		\$0	
Stanwood-Camano		\$0	
Tukwila		\$0	
Vashon Island		\$0	
White Pass		\$0	
Non-LEA Subtotal			