

INTRO TO TAX CHARTS Prepared by Strategies 360, Communications and Business Services

At Northshore School District, our funding for students, schools and staff comes from several sources, including:

- the state (57.36%)
- local taxes from voter-approved levies (18.62%)
- State Special Purpose Funds for programs such as special education, transitional bilingual, transportation, highly capable, (12.42%)
- federal Funds (5.03%) for special education, nutrition services, and Title I (Disadvantaged)
- local nontax (4.62%) generated through local sources such as meal sales, preschool and pre-kindergarten programs, and rental of district facilities, investment earnings and donations.
- Other School Districts, Other Agencies and Associations, and Other Financing Sources (1.95%) which includes grants or reimbursement for services from other local governments and state agencies (excluding OSPI), transfers and sale of surplus equipment.

In the summer of 2017, the Washington State Legislature changed the way it allocates funding to school districts. This measure - Engrossed House Bill 2242, Basic Education Funding – was an attempt by lawmakers to respond to the McCleary case in which the Supreme Court determined the state is not fully funding basic K-12 education.

While a brief description of EHB 2242 states that the bill fully funds the state’s program of basic education by providing equitable opportunities through reform of state and local education contributions, Northshore School District loses funding and flexibility in collecting funding. As such, the bill caps how much we can collect in voter-approved levies to fund education programs and school activities.

Under the new formula, Northshore can only collect \$ 1.50 per \$1,000 of assessed property value, effective calendar year 2019, rather than the current rate of \$1.93. Some school districts can use a different formula to collect levies, based on a state formula of \$2,500 per student.

We believe this bill creates a new inequity among districts. Northshore School District would be eligible to collect \$1.50 per \$1,000 of assessed valuation – which is lower than the current tax rate - while other districts can collect more funding. The District is asking that Northshore be allowed to collect at the higher formula option. In both cases, the future projected local tax rate is less than the current tax rate.

In preparation for our \$234 million, four-year Replacement Educational and Operations Levy, Northshore School District is planning on asking to use the \$2,500 per student formula in the hopes that the legislature will revisit this aspect of the funding formula. This provides the district flexibility should the law be amended. The district would collect only the amount allowed by law.

The district has provided two estimated tax charts.

Chart one:

This chart shows projected tax rates using the \$2,500 per student formula.

This would allow the district to collect \$234 million over four years to support academic programs, arts, music, athletics and other programs. The E&O levy represents about 18 percent of the district's yearly budget.

The district is also proposing a capital projects bond of \$275 million to address overcrowding and building maintenance and a school technology levy of \$62 million. The estimated future tax rates for those measures are the same in both charts.

Chart two:

This chart shows the projected tax rate using the new state formula with a cap of \$1.50 per thousand of assessed value. This would allow the district to collect an estimated \$193 million over four years.

If we have to use this formula, the district would have to consider making cuts to our programs and budgets, as this levy is an important aspect of our overall yearly funding.

Next steps: The school board is weighing these options and will have a final vote on Oct. 23.