

Governor's Proposal for Restructuring Levy Equalization for 2011-13

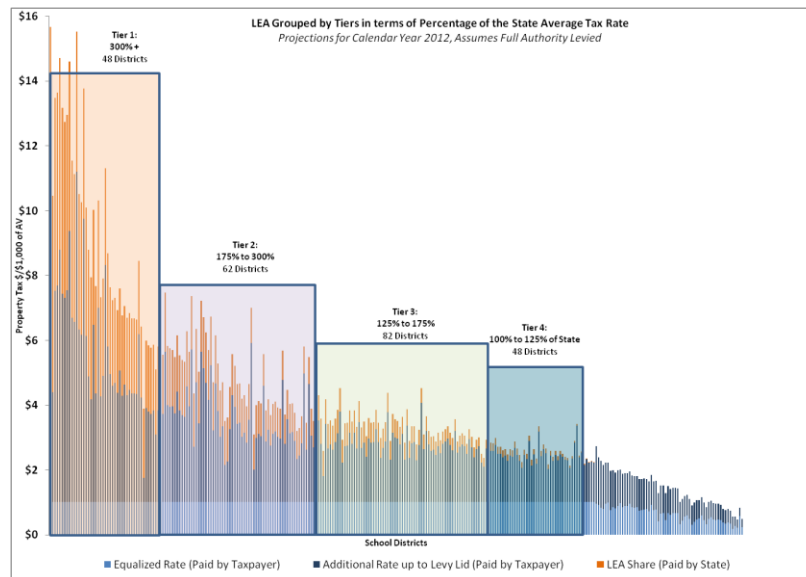
Levy equalization, or Local Effort Assistance (LEA), helps property poor school districts run Maintenance & Operation (M&O) levies without imposing significantly more burdensome property tax rates. Through LEA, the state funds provided to school districts are in lieu of local property tax collections, allowing for a rate reduction in these local communities.

Adapting Levy Equalization to Today's Budget Reality

The simple reality is the state must make difficult choices about programs in light of the budget shortfall.

For the 2011-13 biennium, total state levy equalization payments are reduced by 6.287 percent, saving \$39.5 million. *Additionally*, Governor Gregoire's proposes restructuring levy equalization into four tiers of districts, with the most property-poor districts receiving the smallest reduction in state funds. LEA payments will be reduced as follows:

TIER	Percent Reduction	Local Tax Rate Percentage Above State Average (for a 14% levy)	Number of Districts in the Tier (estimate)
TIER 1	(1%)	Over 300%	43
TIER 2	(3%)	Between 175% and 300%	62
TIER 3	(5%)	Between 125% and 175%	82
TIER 4	(28.75%)	Between 100% and 125%	48



This tiered approach counters the historical method of cutting levy equalization, which reduced payments for all eligible districts by the same percentage. *A uniform cut violates the spirit of levy equalization, which is to prevent burdensome property tax rates in property poor communities willing to support their schools.*