Inequities in State Equalization Aid and Levy Lids: The Problems and A Possible Solution
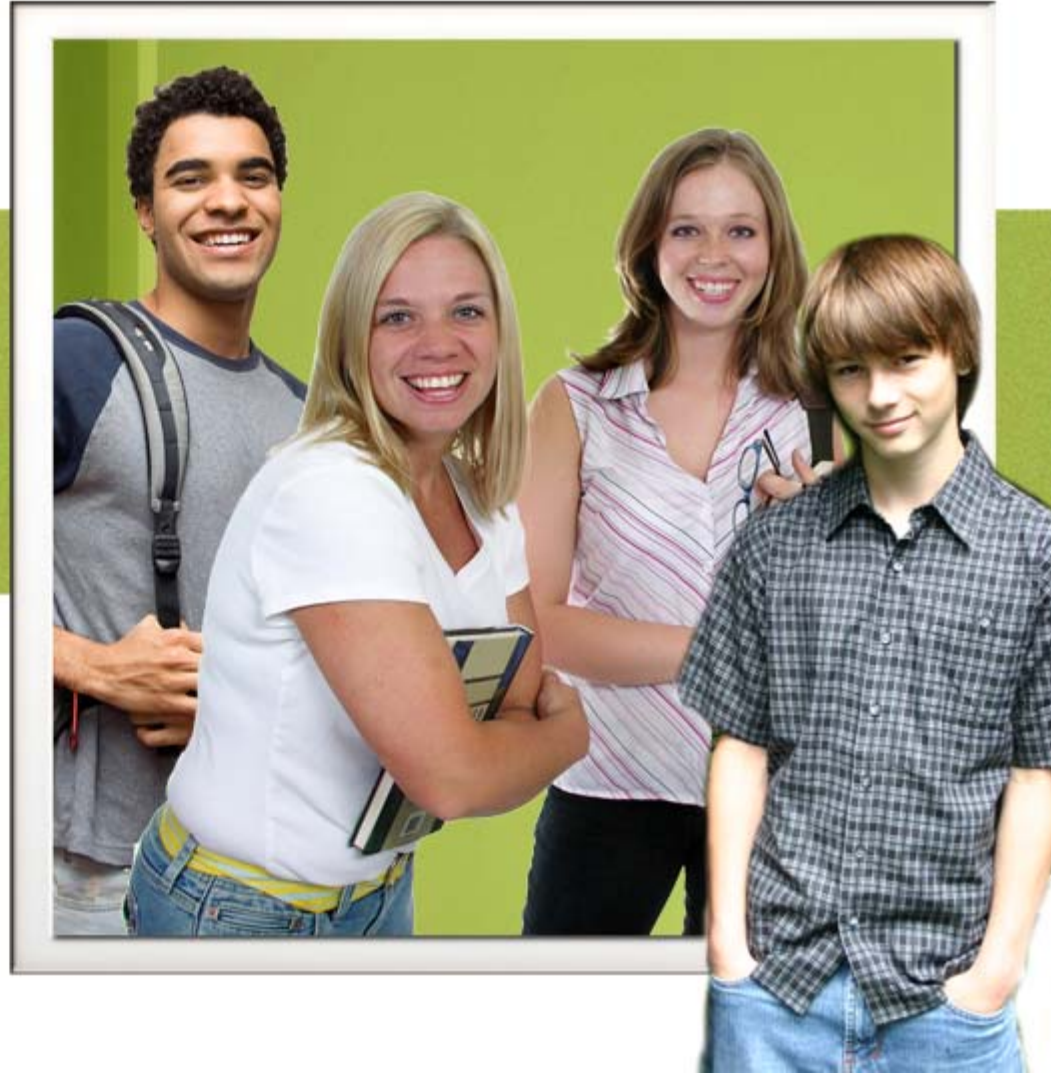
**Joint Task Force on Basic Education Finance
August 6, 2008**

Washington State PTA

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August 6, 2008

Improve the Equity of State Equalization Aid & Local Levies

Problem is with Formulas for Two Quantities

- Local Effort Assistance

- Levy Authorizations

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The Problem with State Equalization Aid

Deals with Taxpayer Equity

- **Equal money for equal effort**

- **State aid is to ensure that districts with the same property value receive the same revenue for the same tax effort.**

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Problem with State Equalization Aid

Local Effort Assistance (LEA) Varies Too Much

District	Property Value per Pupil* % Average	LEA per Pupil*
1 Tenino	77.3%	$175
2 Kent	77.4%	47
3 Meridian	77.6%	189
4 Concrete	77.7%	291
5 Puyallup	78.1%	129
6 Lynden	78.2%	142
7 Adna	78.3%	225
8 Auburn	78.4%	59
9 Hockinson	78.4%	188
10 Woodland	79.7%	155
11 Cheney	80.1%	208
12 College Place	80.1%	67
13 Arlington	80.3%	100

Problem with State Equalization Aid

The State Graph looks like this:

Districts Receive Different State Aid for the Same Tax Effort

State LEA per Pupil*

Property Value per Pupil*
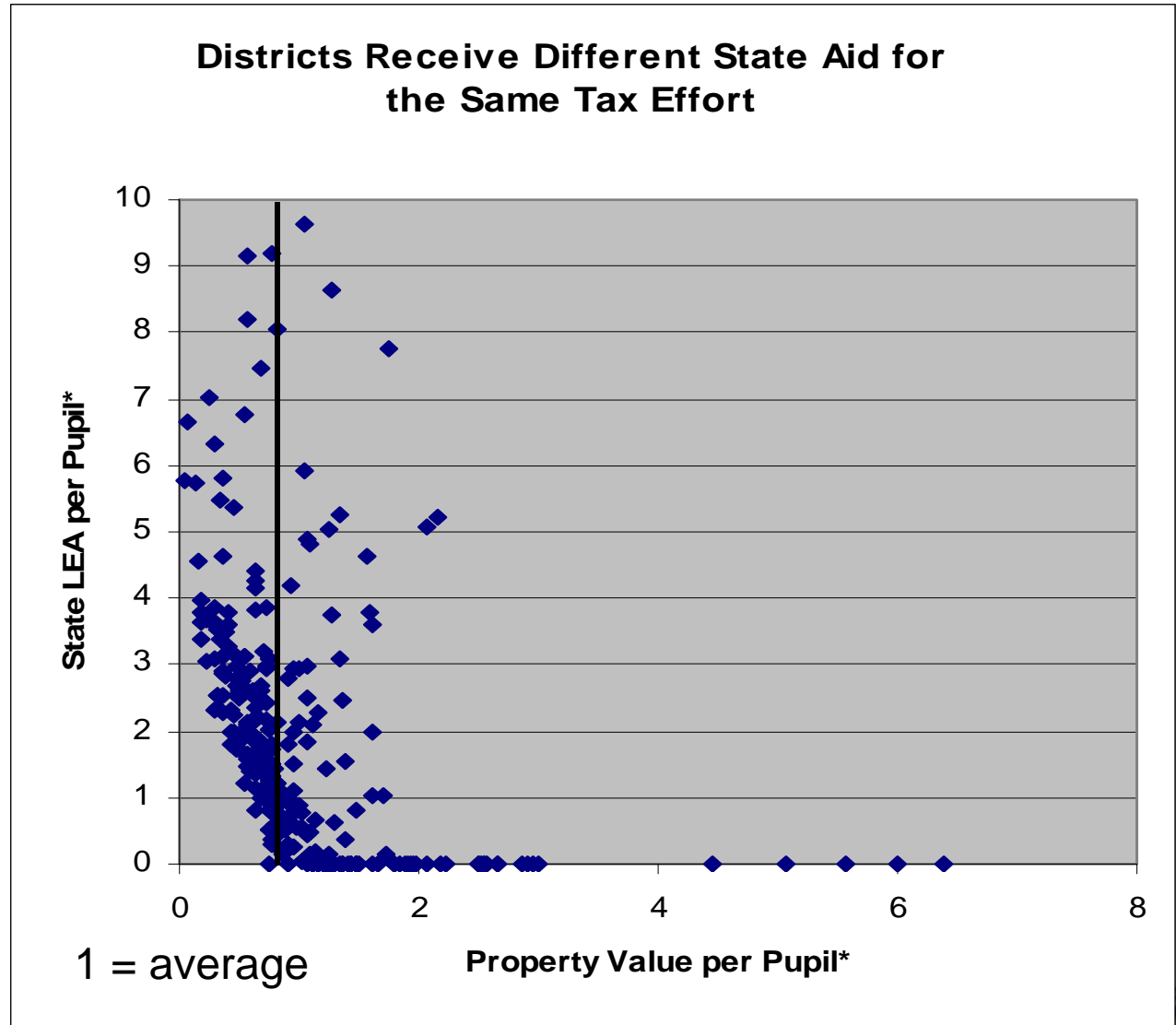
1 = average

Improve the Equity of State Equalization Aid

State Graph Should Look Like This:

Districts with the Same Property Wealth Receive Same State Aid
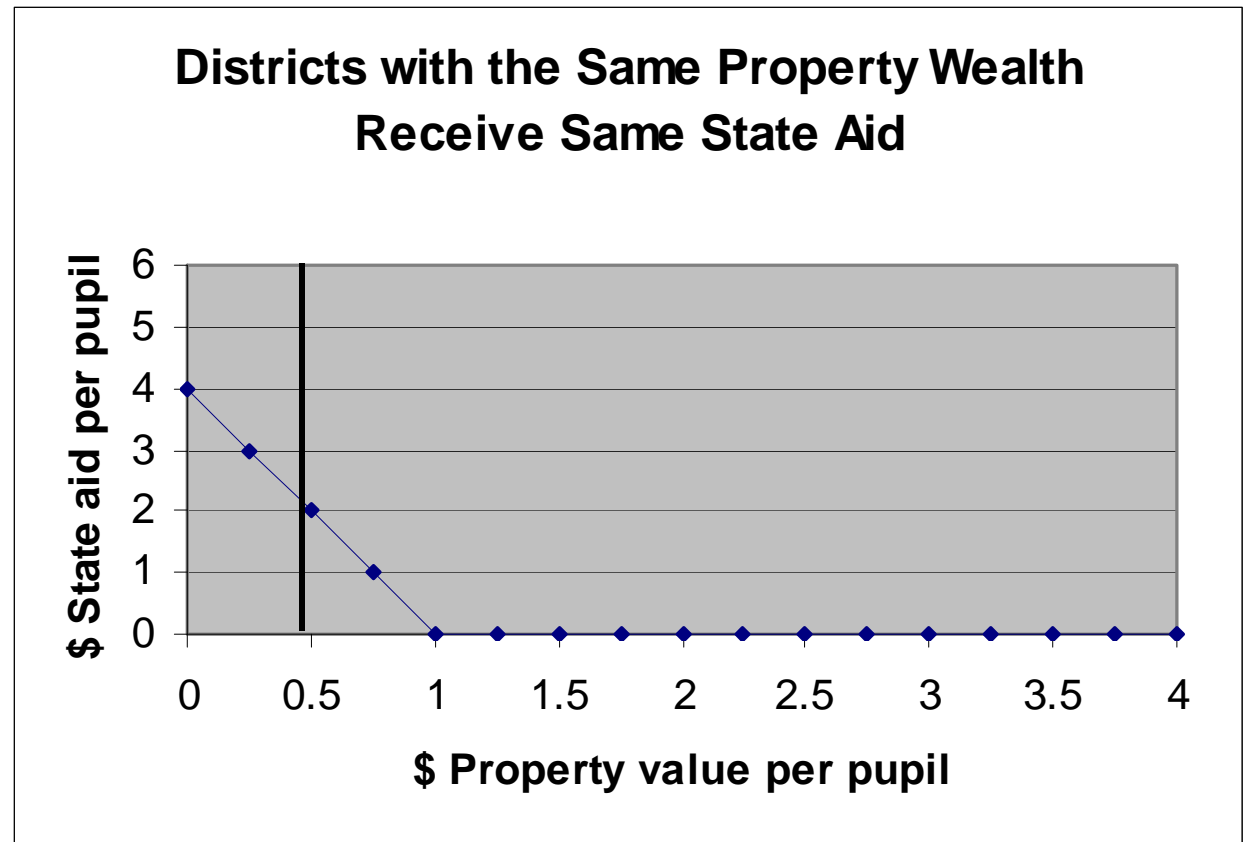
1 = average

Improve the Equity of State Equalization Aid

General formula for equalizing aid

$$\left(\frac{\$Foundation}{pupil}\right) - \left(Avg.\,tax\,rate * \frac{\$property}{pupil}\right) = \left(\frac{\$state}{pupil}\right)$$

constant amount   constant   x-variable   y-variable

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Improve the Equity of State Equalization Aid

State formula for equalizing aid

$$\left(\frac{12\% \ of \ \$Levy \ Authority}{pupil} \right) \ - \ \left(Avg.\ tax\ rate \ * \ \frac{\$Property}{pupil} \right) \ = \ \left(\frac{\$State}{pupil} \right)$$

varying amount   constant   x-variable   y-variable

Improve the Equity of Levies

Levy Authority formula has problems

Maximum Levy Authority =

$$24\% * \sum (\textit{state \& federal revenue streams})$$

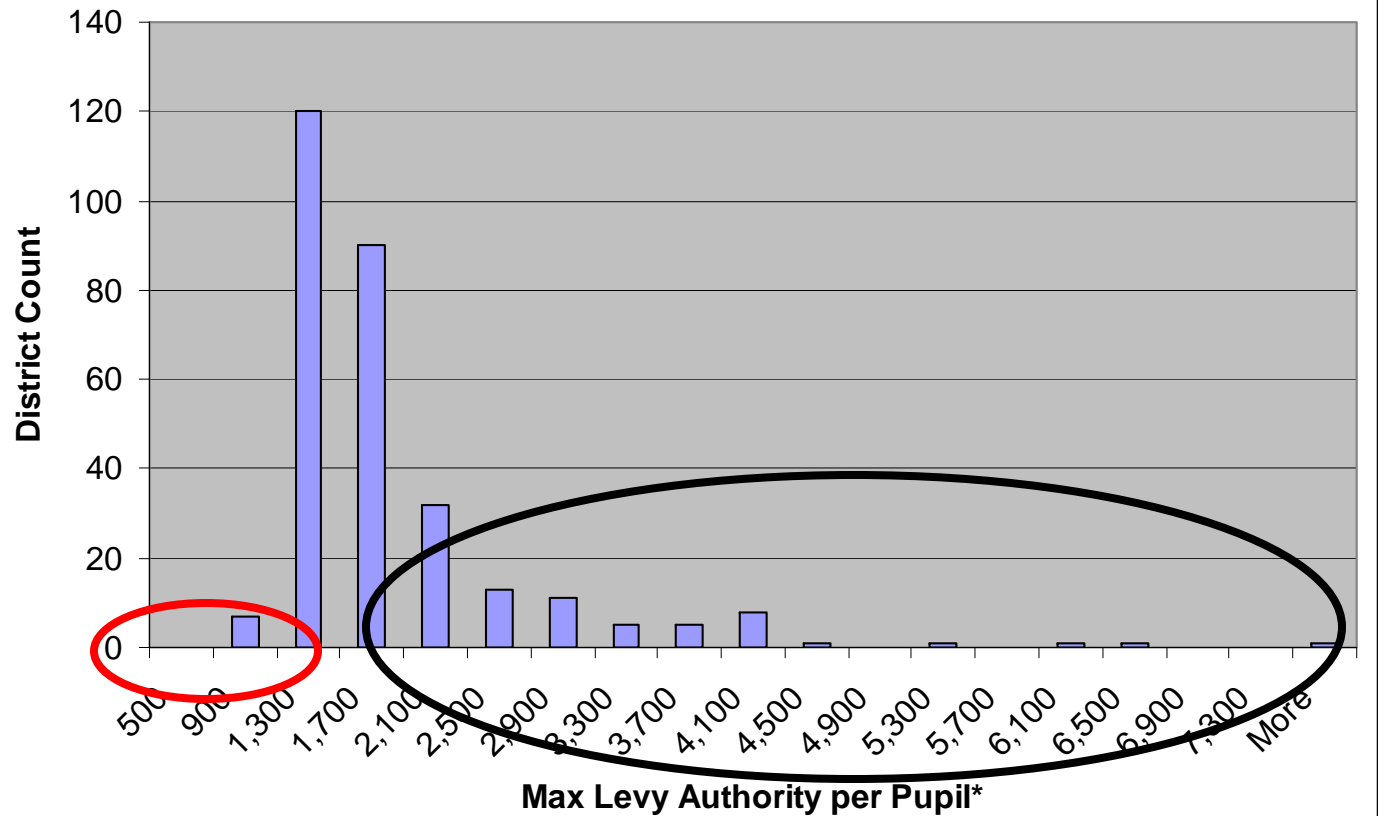**The percentage can vary from 24% to 33%**

Revenue formulas not fair.

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Improve the Equity of Levies

Disparities in Maximum Levy Authorities per Pupil*

Chart: District Count (y-axis, 0 to 140) vs. Max Levy Authority per Pupil* (x-axis: 500, 900, 1,300, 1,700, 2,100, 2,500, 2,900, 3,300, 3,700, 4,100, 4,500, 4,900, 5,300, 5,700, 6,100, 6,500, 6,900, 7,300, More)

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Improve the Equity of State Equalization Aid & Local Levies

- Local Effort Assistance

  Suggest state equalize the same amount* per pupil for every district.

- Levy Authorizations

  Set levy authorizations as a fixed percentage of the state's average funding per pupil*

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Universal Formula for Grants

FoundA - (Avg. tax rate * PropV) = State Aid

Can be used to model different financing schemes (Tiered Models)

Financing Basic Education Amount,
- State funds only
- Mixture of State and Local funds

Spending Above the Basic Education Amount
- Any state equalization?
- Any limits on spending above basic education amount?
- Any provisions to protect low-income taxpayers?

Universal Formula for Grants

FoundA - (Avg. tax rate * PropV) = State Aid

Helps predict effects on
- Student equity
- Taxpayer equity

Helps predict whether districts will spend grants on
- Providing taxpayer relief (supplant)
- Education
    - Improving test scores (state & local values)
    - Other educational outcomes (locals value)