

2026 Levy Advisory Committee

August 12, 2025

Agenda

- Welcome and Check-In
- Review EP&O Considerations
- Review Capital Levy Considerations
- Provide Feedback and Advice

Welcome and Check-In

CHECK-IN: HOW DO YOU STAY COOL DURING THE SUMMER?

Pick the picture that best reflects how you stay cool.
Share your picture and why you chose it.



Levy Advisory Committee Purpose/Charge

Recommendation and advisement on the district's levy proposals for the 2026 ballot measures that responsibly addresses the local property taxes by considering impact to tax rate, total taxes, and alignment with the district's goals. To that end, the levy proposal shall:

- Ensure LWSD has the resources required to meet its mission and vision for students in a complex, 21st century environment
- Prioritize safety, operational efficiency, and maintenance of facilities and property according to state and District use standards and schedules, and in accordance with the Board's expectations

Levy Advisory Committee Considerations

- Consider overall cost and tax implications.
- Provide expertise/perspective based on professional role/connection to the community
- Recommend communication strategies or areas to emphasize to provide accurate and relevant information about the use and impact of levy funds

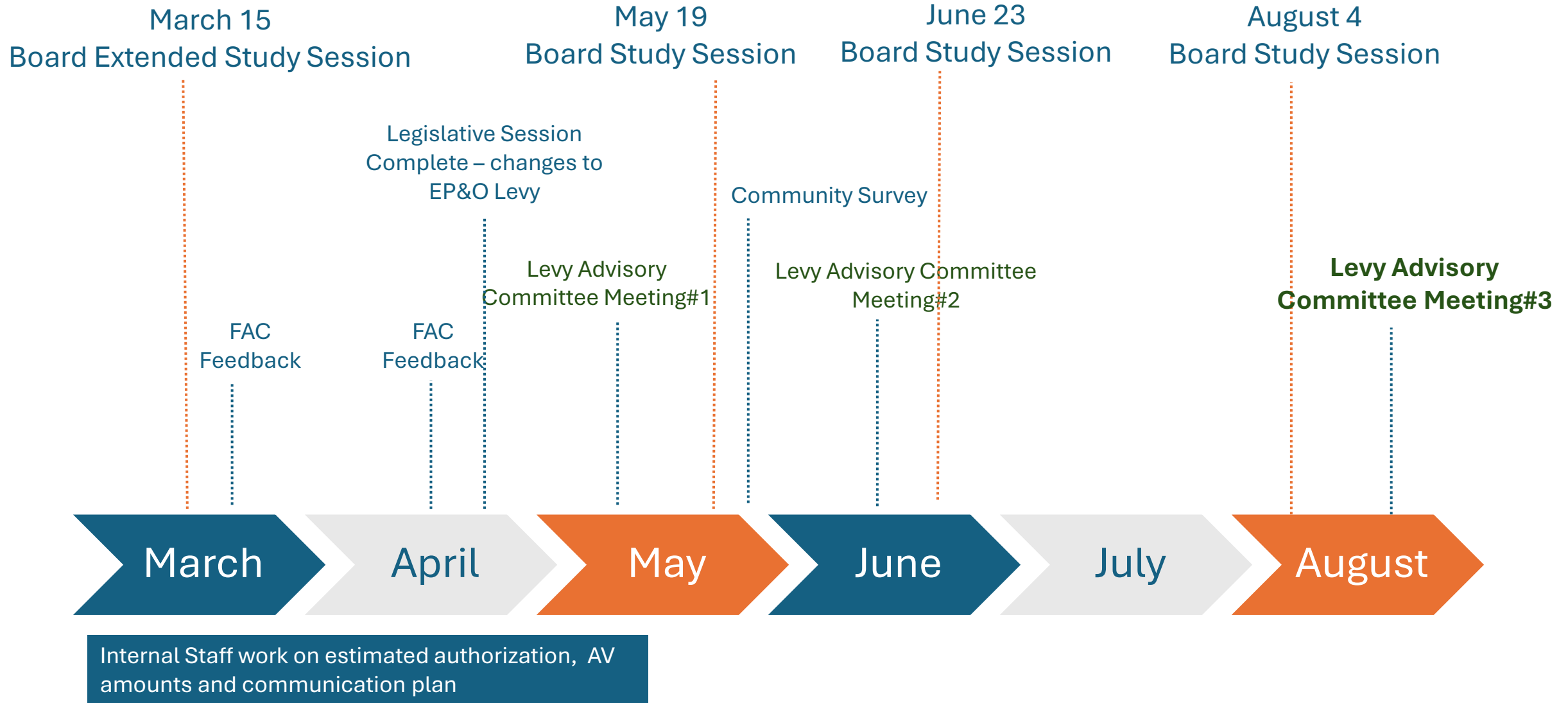
Roles and Responsibilities

Examples:

- Role of the District
- Role of the Levy Advisory Committee
- Role of the Board
- Role of Lake Washington Citizen Levy Committee

Timeline

February 2026 Timeline



Educational Programs and Operations Levy

Education programs and Operations Levies (EP&O)



Districts can raise local levies to “enrich” basic education
Must be renewed at least every 4 years



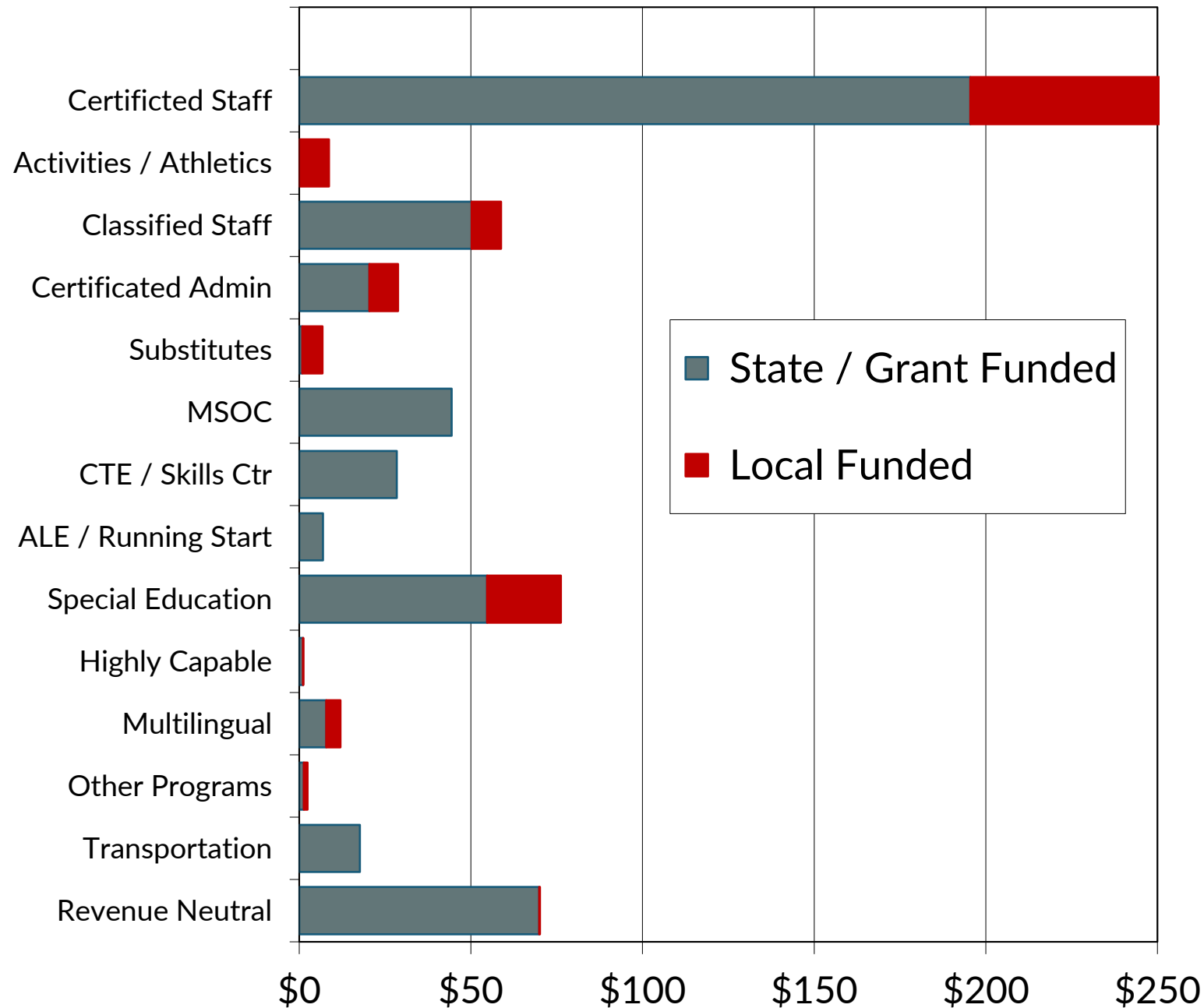
Pays for program and operations beyond Basic Education including:
Staff, professional learning, athletics and extracurricular activities, additional program offerings, early learning programs and underfunded programs such as special education, highly capable, Multilingual



McCleary ruling limited districts what districts can collect. Legislature continues to update formula.
Provides 16% of the LWSD General Fund Budget

The Funding Gap

There is a gap between what the state funds and what it costs to provide the programs and services our community rightfully expects.



History of Levy Authority for LWSD

Maximum Levy Lid History				
<u>Year</u>	<u>Per Pupil</u>	<u>Enrollment*</u>	<u>Levy Authority \$ in Millions</u>	<u>% Change in Authority**</u>
2019	\$2,500	29,749	\$74.40	
2020	\$2,563	30,241	\$77.50	4.2%
2021	\$2,606	31,392	\$81.80	5.5%
2022	\$2,742	31,392	\$86.10	5.2%
2023	\$2,988	31,392	\$93.80	9.0%
2024	\$3,150	30,590	\$96.40	2.7%
2025	\$3,247	30,667	\$99.60	3.4%

*Enrollment is based on prior year. For 2021 through 2023, enrollment held to 2019-20 levels.

**Percentage change in levy authority is a factor of changes in the per pupil amount and district's enrollment changes

Projected Levy Authority With new Legislation

Maximum Levy Lid History				
<u>Year</u>	<u>Per Pupil</u>	<u>Enrollment*</u>	<u>Levy Authority \$ in Millions</u>	<u>% Change in Authority</u>
2026	\$3,851	30,667	\$118.1	
2027	\$4,095	30,667	\$125.6	6.3%
2028	\$4,334	30,667	\$132.9	5.8%
2029	\$4,560	30,667	\$139.9	5.2%
2030	\$4,799	30,667	\$147.2	5.2%
2031	\$5,035	30,667	\$154.4	4.9%

*Per Pupil amount based on OSPI inflation estimated provided 5.13.25.
Assumes LWSD level enrollment for purposes of Levy Lid calculation

Levy Authority vs. Budget Assumptions

<u>Year</u>	<u>Levy Authority</u>	<u>Budget Assumptions*</u>	<u>Diff</u>
2026	\$118.1	\$99.1	\$19.0
2027	\$125.6	\$104.1	\$21.5
2028	\$132.9	\$109.3	\$23.6
2029	\$139.9	\$114.7	\$25.1
2030	\$147.2	\$120.5	\$26.7
<i>Avg. per Year</i>	<i>\$136.4</i>	<i>\$112.1</i>	<i>\$24.2</i>

\$ Dollars in Millions

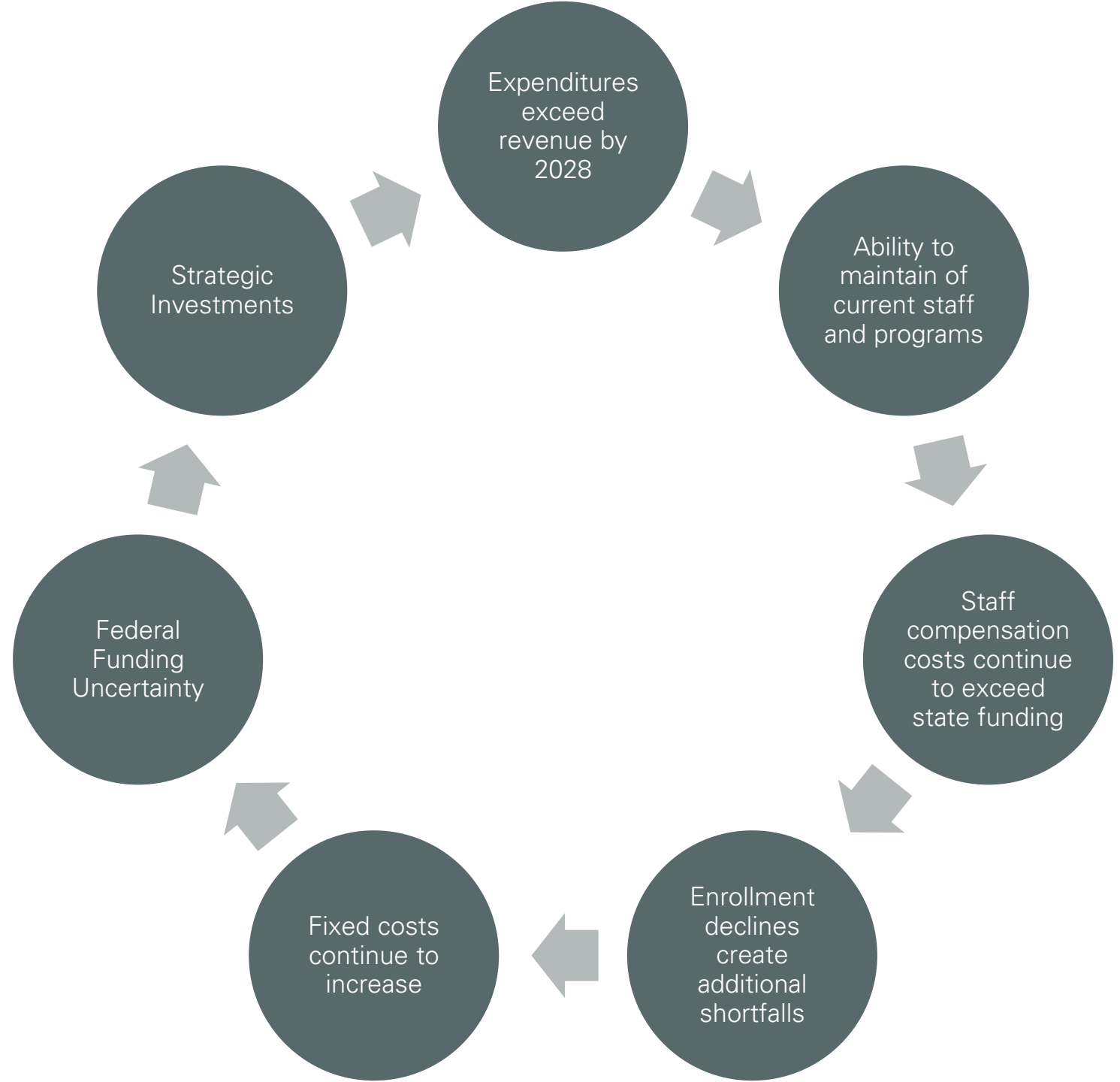
Voter Approved

*Budget Assumption - 2027 and beyond - amount used in 4-year required forecast.
Based on 5% annual growth

EP&O Assumptions

- Levy authority maximum calculated based on level enrollment
- Creates capacity should legislature change assumptions in levy lid formula
- If voter approved amount is greater than levy authority, only levy authority amount can be collected. ("rollback" required)

Factors for considering additional EP&O authority



Budget

- Current budget is balanced, however expenditures begin to exceed revenues in 2028-29, Year 2 of the levy.
- Other factors that will influence move ahead budget
 - Greater impact of salary schedule step increases
 - Ongoing increased and compounding local compensation costs
 - Loss of Federal funds

Example of Potential Impact

	Local Need 4-year Impact
Local Step Increase Impact (\$3-\$5 million per year)	\$12.0-\$20.0
Federal Grant Reductions	\$1.0
Eliminate Interest transfer from Capital Fund	\$0.3
Ongoing Impact Need	\$13.3-\$21.3

Federal Funding

- Changes in Federal Funding for public schools is, at this point, inevitable
- Examples:
 - Reduction in the staffing to support federal programs – Headstart
 - Delay in allocating Headstart funding
 - Freeze of \$6 Billion in funding (\$1M for LWSD) but recently released
 - 2026 federal spending bill has previously frozen federal funds eliminated
 - Possible elimination of federal Department of Education
 - Funding mechanism changing from direct program grants to block grants

Federal Grants - Impact of Elimination

Revenue Code/Program	Program	Purpose	2025-26 Budget
6124/2400	Special Education	Support Students with IEPs	\$7,600,169
6138/3800	Secondary Vocational Education	Support Career and Technical Education programs	\$204,597
3146/4600	Skill Center	Support Skill Center programs	\$54,383
6151/5100/5108	ESEA Title I	Support safety net programs for low-income students	\$1,065,528
6152/5200	ESEA Title II*	Supports Professional Learning for Teachers	\$493,246
6164/6400	ESEA Title III – Limited English Proficiency*	Supports for Multilingual students	\$554,890
6198/9800	School Nutrition Services	Provides for low/no cost breakfast and lunches for low-income students	\$2,100,000
6261/6100	Head Start	Provides preschool services for low-income students	\$785,000
6268/6825	Native American Education	Serves Bellevue, Northshore and Lake Washington students with Native American heritage	\$85,225
6321/2101	Special Education Medicaid Reimbursement	Provides reimbursement for Medicaid approved services	\$50,000
6998/9800	USDA Commodities	Provides food used in school meals reducing costs to program.	\$650,000
TOTAL Federal Funds			\$13,543,038

*Title II and Title III grants are cut in proposed federal 2026-27 budget

Explanation of Short-term Budget Impacts

Cost to maintain staffing/programs

Cumulative Impact of Unfunded Costs/Revenue Loss 2026/27-2029/30	
Net impact of Enrollment Losses	\$2.8 million
Local impact of state mandated compensation	\$14.1 million
Fixed Cost increases	\$10.0 million
Total	\$26.9 million
Expected State Revenue MSOC increase	(\$1.3) million
Net Impact	\$25.6 million

Levy Maintenance Need

By School Year					
	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>
Local Need (Gap)	\$101.9	\$107.7	\$114.9	\$121.3	\$127.5
Less Undesignated Rev.	(\$6.1)	(\$6.1)	(\$6.1)	(\$6.1)	(\$6.1)
Subtotal Levy Need	\$95.8	\$101.6	\$108.8	\$115.2	\$121.4
Future Budget Impact/ Step Increases		\$3.0	\$6.0	\$9.0	\$12.0
Federal Reductions		\$1.0	\$1.0	\$1.0	\$1.0
Eliminate Capital Interest Transfer		\$0.3	\$0.3	\$0.3	\$0.3
Total Levy Need	\$95.8	\$105.9	\$116.1	\$125.5	\$134.7

\$ Dollars in Millions

Levy Maintenance Need

Levy Collection by School Year at Full Authority					
	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>
Total Levy Need	\$95.8	\$105.9	\$116.1	\$125.5	\$134.7
Levy Collection at Full Authority	\$96.5	\$112.9	\$128.9	\$135.9	\$143.1
Diff. for Strategic Investments		\$7.0	\$12.8	\$10.4	\$8.4

Levy Collection by School Year at Graduated Authority					
	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>
Total Levy Need	\$95.8	\$105.9	\$116.1	\$125.5	\$134.7
Levy Collection at Graduated Authority	\$96.5	\$108.4	\$121.7	\$131.5	\$141.7
Diff. for Strategic Investments		\$2.5	\$5.6	\$5.9	\$7.0

Potential Strategic Investments

- Increase Early Learning Services – Cost of 1 classroom - \$0.4 Million
- Reduce Secondary Special Education Ratios – Cost of reducing by 1 - \$1.0 Million
- Reduce K-3 staffing ratio/class size – Cost of reducing by 1 - \$3.1 Million

Implications - Full Authority

By Levy Year		
<u>Year</u>	<u>Levy Amount*</u>	<u>Rate/\$1,000</u>
2027	\$125.6	\$1.00
2028	\$132.9	\$0.98
2029	\$139.9	\$0.96
2030	\$147.2	\$0.93
<i>Avg. per Year</i>	<i>\$136.4</i>	<i>\$0.97</i>

By School Year	
<u>School Year</u>	<u>Levy Collection</u>
2026-27	\$112.9
2027-28	\$128.9
2028-29	\$135.9
2029-30	\$143.1

*\$ Dollars in Millions

Implications – Step up to Full Authority

By Levy Year			
<u>Year</u>	<u>Levy Amount*</u>	<u>Rate/\$1,000</u>	<u>Difference from Full</u>
2027	\$117.2	\$0.93	(\$8.4)
2028	\$126.6	\$0.93	(\$6.3)
2029	\$136.7	\$0.93	(\$3.2)
2030	\$147.2	\$0.93	\$0
<i>Avg. per Year</i>	<i>\$131.9</i>	<i>\$0.93</i>	

By School Year	
<u>School Year</u>	<u>Levy Collection</u>
2026-27	\$108.4
2027-28	\$121.7
2028-29	\$131.5
2029-30	\$141.7

*\$ Dollars in Millions

Local Funding Estimated Use – by collection year

Category	2027	2028	2029	2030
Staffing for Programs <i>Provide staff needed to support student learning</i>	\$67.6	\$75.8	\$84.8	\$94.1
Staffing for Social Emotional Learning, Safety and Security <i>Provide staff needed to support student learning, emotional well-being and ensure safe and orderly functioning of schools</i>	\$16.0	\$17.3	\$17.7	\$18.0
Professional Learning <i>Provide program of professional learning to support and retain highly effective personnel</i>	\$18.2	\$18.6	\$19.0	\$19.4
Athletic & Extracurricular Activities <i>Provide program of extracurricular program including athletics, activities and ensure Title IX and WIAA compliance. Provide community service programs such as Performing arts and Stadium services.</i>	\$9.0	\$9.3	\$9.5	\$9.7
Additional Course Offerings <i>Provide courses and staffing to ensure students graduate and are college and career ready</i>	\$4.7	\$4.8	\$4.9	\$5.1
Early Learning <i>Provide early learning services</i>	\$0.8	\$0.8	\$0.8	\$0.9
Total Estimated Use	\$117.2	\$126.6	\$136.7	\$147.2

Technology & Capital Projects Levy

Capital Projects Levy: Facilities

A Capital Projects Levy supports both technology and facilities. The portion focused on facilities provides essential local funding to maintain and improve school buildings; needs that receive little to no state support. This levy supports safe, efficient, and inclusive learning environments by addressing aging infrastructure, enhancing educational spaces, ensuring health and safety compliance, and meeting evolving program needs. By investing in facilities, school districts can preserve critical assets and create environments that support student learning, well-being, and long-term success.

Capital Projects: Technology

A Capital Projects Levy also funds essential technology that supports teaching, learning, and operations; areas where the district receives less than 20% of funding from the state. It allows the district to maintain reliable infrastructure, replace aging equipment, and provide digital tools that support instruction. The levy also funds training for staff and supports critical business and communication systems. This investment ensures that students and educators have the tools they need to succeed in a modern learning environment.

Recommendation: Capital Projects

Technology:

- Maintain current funding levels for technology given the needs of the overall program and ability to secure E-Rate reimbursement for specific projects. Average \$34.6M annually

Facilities:

- Fund the full scope of the facilities projects identified. This is an increase in overall funding for facilities. Average \$27.1M annually

Tax Rate Implications:

- +\$0.06/\$1,000 of Assessed Value

Technology & Capital Projects Levy – Facilities

Building Systems & Improvements

Provide Asset Lifecycle Management and Energy system Improvements

School & Program Improvements

Enhance the education program and/or address emergent building needs including portables, program moves, special services, education specification standards

Code Compliance, Health & Safety

Provide building code compliance including fire, life, safety, ADA

Provide Health and Safety improvements including water quality, security, traffic management, surface water management

Site Improvements, Athletics & Playfield Upgrades

Provide Asset Lifecycle Planning

Title IX and WIAA compliance



Facility Amount by category

		Avg Annual	Totals
	Building Systems & Improvements	\$8.5M	\$34.1M
	Site improvements, Athletics & Playfield Upgrades	\$13.4M	\$53.5M
	School & Program Improvements	\$3.9M	\$15.5M
	Code Compliance, Health & Safety	\$1.3M	\$5.4M
<i>Totals</i>		\$27.1M	\$108.5M

Facility Recommendation

- Fund all recommended projects
- Includes upgrades to tracks and stadiums and multi-purpose field additions
 - Highly sought by community
 - Allows year-round use
- Reserve capacity maintained for construction inflation/unknown impacts

Technology & Capital Projects Levy – Technology



Technology Infrastructure & Support

Upgrade and support servers, network, storage, operating systems, and phone system



Equipment

Replace and support student and staff computers and standard classroom technology



Instructional Software & Support

Provide digital learning and assessment tools to support student learning and reinforce core curriculum



Business & Technology Systems

Provide licenses, applications, and support for critical business systems



Technology Training and Professional Development

Maintain teacher training for new instructional technology and software



Technology Amount by category

	Avg Annual	Totals
 Technology Infrastructure and Support	\$6.2M	\$24.8M
 Equipment	\$14.5M	\$58.2M
 Instructional Software & Support	\$3.6M	\$14.5M
 Business & Technology Systems	\$4.8M	\$19.2M
 Technology Training & Professional Development	\$5.5M	\$21.8M
<i>Totals</i>	\$34.6M	\$138.5M

Technology Recommendation

- Fund maintenance level request
- Confirmed that e-rate will be available for allowable projects

Implications - Technology and Capital Project Levy – Declining Rate

Tax Rate Implications for Recommendation			
<u>Year</u>	<u>Levy Amount*</u> <u>Technology</u>	<u>Levy Amount*</u> <u>Facilities</u>	<u>Rate/\$1,000</u>
2027	\$32.0	\$25.2	\$0.46
2028	\$33.7	\$26.4	\$0.44
2029	\$35.5	\$27.7	\$0.43
2030	\$37.3	\$29.1	\$0.42
<i>Avg. per Year</i>	<i>\$34.6</i>	<i>\$27.1</i>	<i>\$0.44</i>

*\$ Dollars in Millions

Technology represents 56% of total; facilities 44%

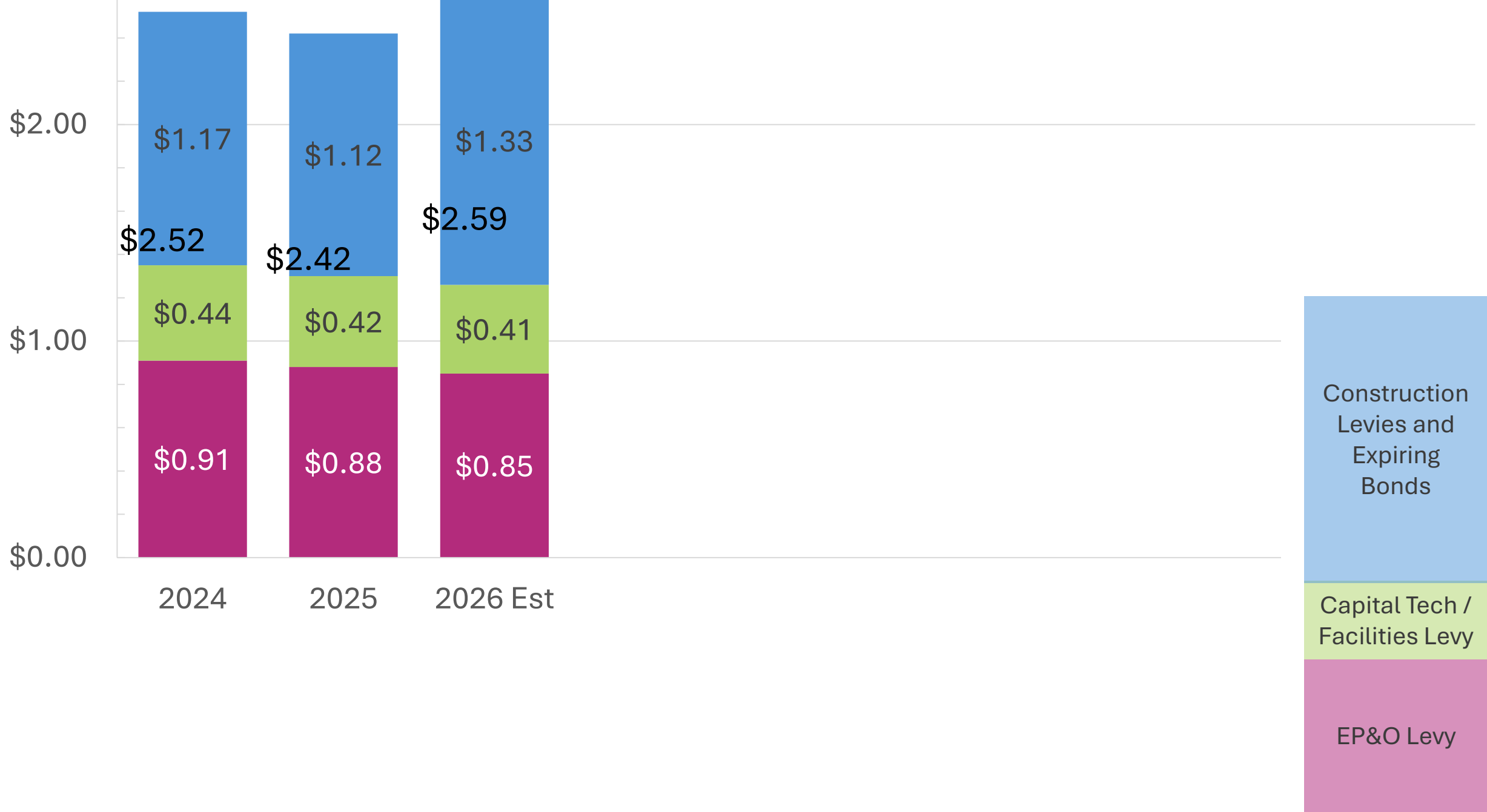
Implications - Technology and Capital Project Levy – Level Rate

Tax Rate Implications for Recommendation			
<u>Year</u>	<u>Levy Amount*</u> <u>Technology</u>	<u>Levy Amount*</u> <u>Facilities</u>	<u>Rate/\$1,000</u>
2027	\$32.0	\$22.6	\$0.44
2028	\$33.7	\$25.7	\$0.44
2029	\$35.5	\$28.2	\$0.44
2030	\$37.3	\$31.9	\$0.44
<i>Avg. per Year</i>	<i>\$34.6</i>	<i>\$27.1</i>	<i>\$0.44</i>

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Technology represents 56% of total; facilities 44%

Options



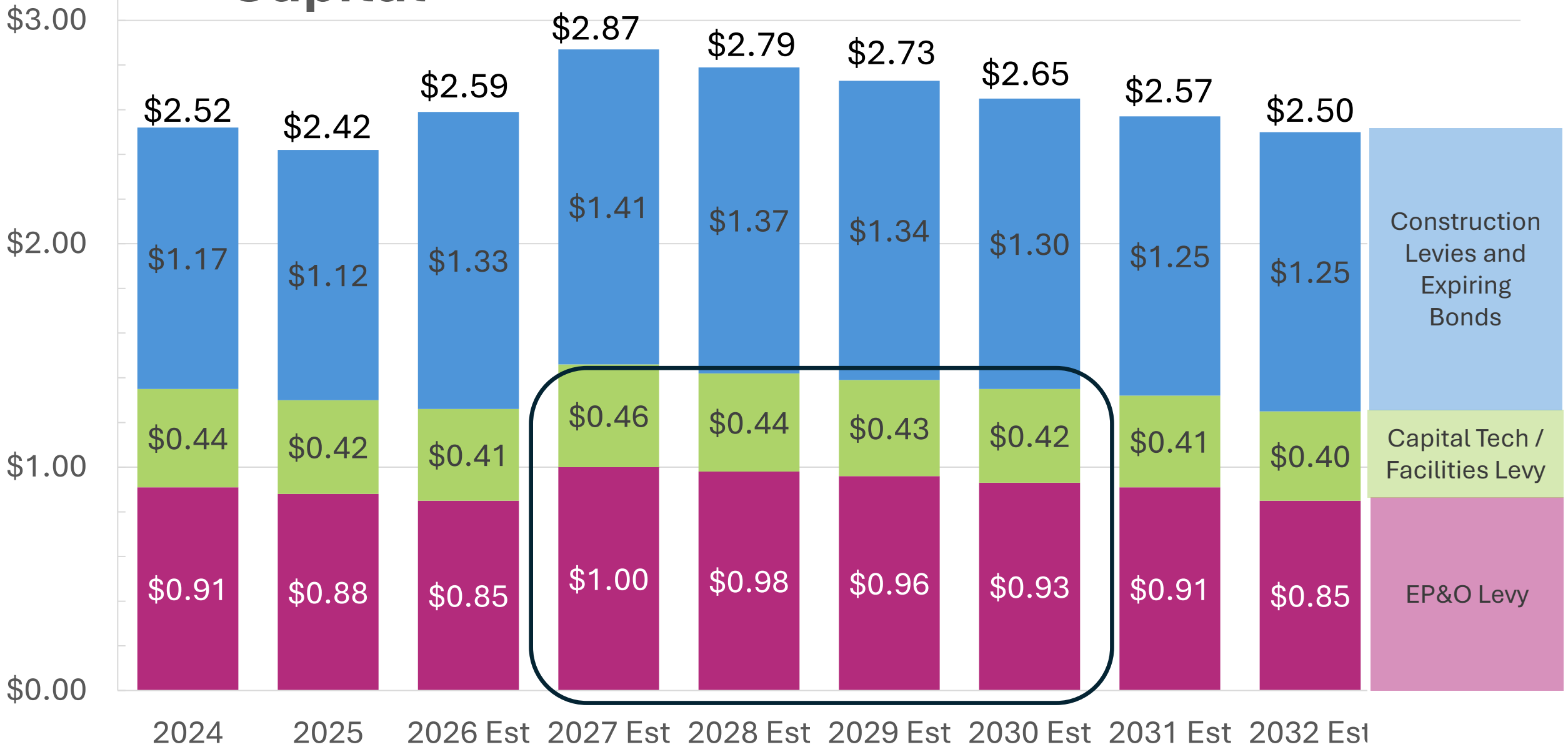
Full Authority EP&O and Recommended Capital

- Seek full EP&O authority
- Seek Technology and Capital Facility Levy funds to provide for planned needs

Funding Measure	Annual Avg. Total	4-year total	Tax Rate Estimate	<i>Diff. from 2026</i>
2026 EP&O	\$136.4 M	\$545.5 M	\$1.00	+\$0.15
2026 Capital Projects - Tech	\$34.6 M	\$138.5 M	\$0.46	\$0.05
2026 Capital Projects - Facilities	\$27.1 M	\$108.5M		
Total LWSD			\$2.87	+0.20

A home valued at \$1.0 Million will be levied \$2,870 in 2027

Full Authority EP&O and Recommended Capital



Full Authority EP&O and Recommended Capital Benefits and Challenges

Benefits

- Able to maintain and grow educational programs that support community needs
- Focus on impact to students
- Provides for planned capital and technology projects
- Technology is supported by community
- Students benefit from improvements faster
- Support needs

Challenges

- Community understanding of need
- Higher tax rate

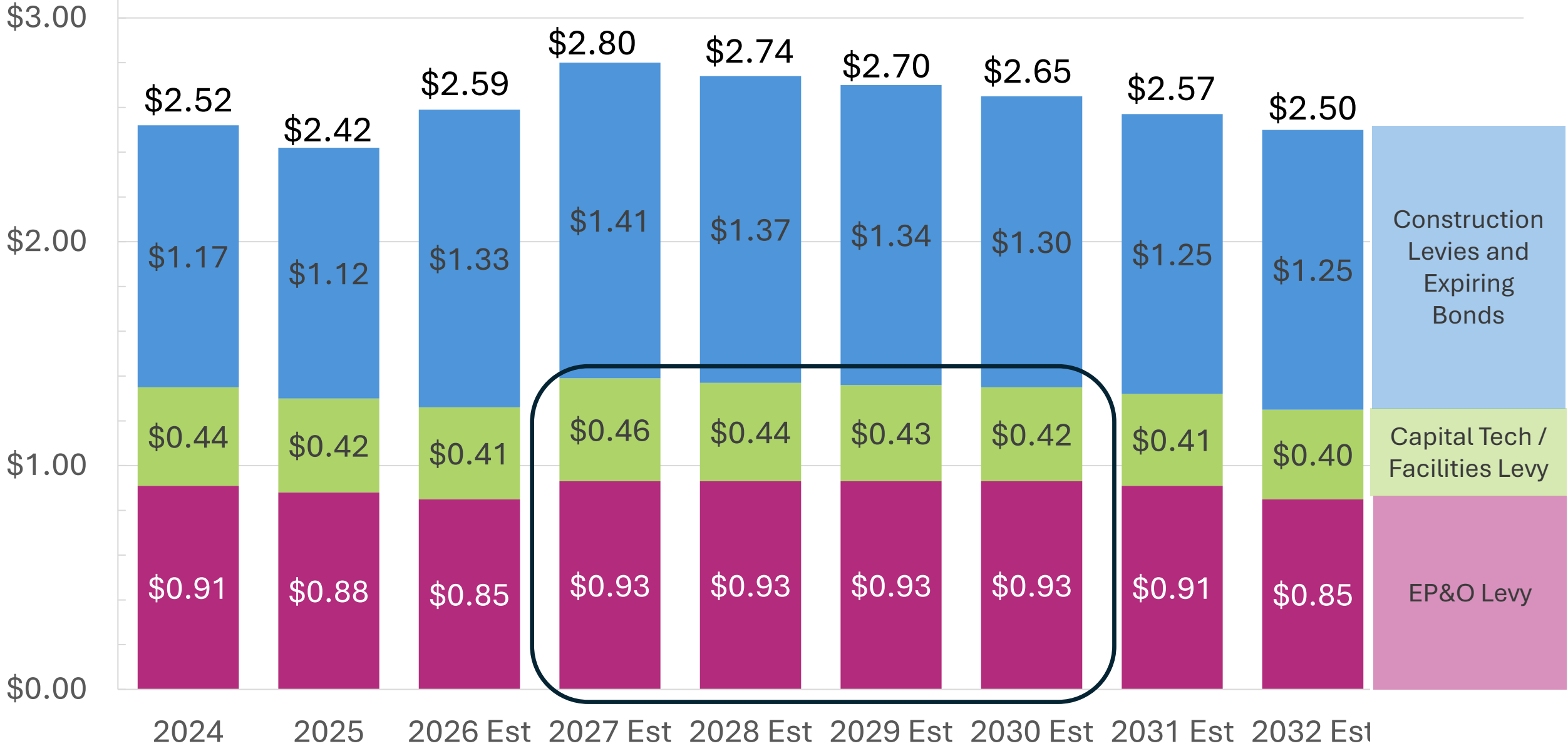
Graduated EP&O and Recommended Capital

- Steps up to full EP&O authority
- Seek Technology and Capital Facility Levy funds to provide for planned needs

Funding Measure	Annual Avg. Total	4-year total	Tax Rate Estimate	<i>Diff. from 2026</i>
2026 EP&O	\$131.9 M	\$527.6 M	\$0.93	<i>+\$0.08</i>
2026 Capital Projects - Tech	\$34.6 M	\$138.5 M	\$0.46	<i>\$0.05</i>
2026 Capital Projects - Facilities	\$27.1 M	\$108.5M		
Total LWSD			\$2.80	<i>+0.13</i>

A home valued at \$1.0 Million will be levied \$2,800 in 2027

Graduated EP&O and Recommended Capital



Graduated EP&O and Recommended Capital Benefits and Challenges

Benefits

- Maintains a stable tax rate for our community
- Able to maintain and grow educational programs that support community needs
- Provides for planned capital and technology projects
- Technology is supported by community

Challenges

- Does not meet educational objectives identified over next few years
- Could require redirection of EP&O funds due to continuing higher costs
- Doesn't make sense to fund capital without funding EP&O

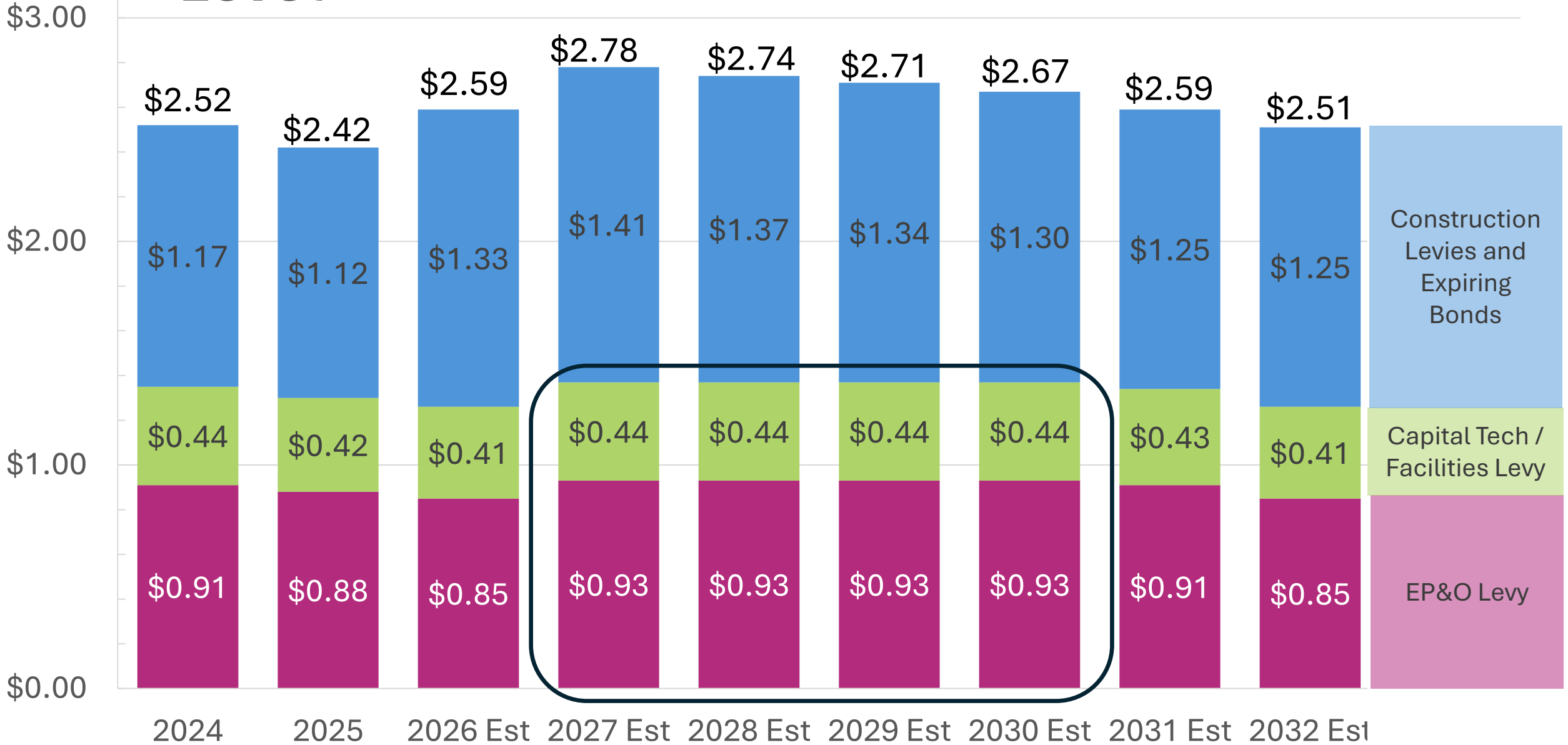
Graduated EP&O and Recommended Level Capital

- Steps up to full EP&O authority
- Seek Technology and Capital Facility Levy funds to provide for planned needs

Funding Measure	Annual Avg. Total	4-year total	Tax Rate Estimate	<i>Diff. from 2026</i>
2026 EP&O	\$131.9 M	\$527.6 M	\$0.93	+\$0.08
2026 Capital Projects - Tech	\$34.6 M	\$138.5 M	\$0.44	+\$0.03
2026 Capital Projects - Facilities	\$27.1 M	\$108.5M		
Total LWSD			\$2.78	+\$0.11

A home valued at \$1.0 Million will be levied \$2,780 in 2027

Graduated EP&O and Recommended Capital Level



Graduated EP&O and Recommended Level Capital Benefits and Challenges

Benefits

- Maintains a stable tax rate for our community
- Able to maintain and grow educational programs that support community needs
- Provides for planned capital and technology projects
- Technology is supported by community

Challenges

- Does not meet educational objectives identified over next few years
- Could require redirection of EP&O funds due to continuing higher costs
- Doesn't make sense to fund capital without funding EP&O

Levy Rates on 2022 Ballot Measures

Year	EP&O Levy	Tech/Capital Projects Levy
2023	\$1.03	\$0.49
2024	\$1.03	\$0.49
2025	\$1.03	\$0.49
2026	\$1.03	\$0.49

2026 Levy Proposed rates below original commitment to voters

Levy Rates based on proposed recommendation and options 2027-2030

Full Authority EP&O and Recommended Capital

Year	EP&O Levy	Tech/Capital Projects Levy
2027	\$1.00	\$0.46
2028	\$0.98	\$0.44
2029	\$0.96	\$0.43
2030	\$0.93	\$0.42

Graduated EP&O and Recommended Capital

Year	EP&O Levy	Tech/Capital Projects Levy
2027	\$0.93	\$0.46
2028	\$0.93	\$0.44
2029	\$0.93	\$0.43
2030	\$0.93	\$0.42

Graduated EP&O and Recommended Capital Level Rate

Year	EP&O Levy	Tech/Capital Projects Levy
2027	\$0.93	\$0.44
2028	\$0.93	\$0.44
2029	\$0.93	\$0.44
2030	\$0.93	\$0.44

Discussion and Feedback

Discussion and Feedback

Individually on the form rank order the options

Provide pros/cons for each

Discuss at your table

Shareout with group

Next Steps

February 2026 Timeline

