

2026 Educational Programs & Operations (EP&O) Renewal Levy

October 9th, 2025

Mercer Island School Board



How is the EP&O Levy Amount Calculate



- Take the lesser of the following two calculations
 - \$1.50 per \$1,000 of assessed property value
 - \$2,500 multiplied by the student FTE in a district (\$3,000 for districts with more than 40,000 FTE)
- Mercer Island uses the \$2,500 per student calculation
- Adjusted for inflation
 - 2019- \$2,500 per student
 - 2025- \$3,247.33 per student



How does MISD utilize EP&O Levy funding?



- EP&O levy funds educational programs and services not funded by Washington State's basic education program funding (RCW 28A.150.276), AKA - "apportionment."
- **Staff:** Employing the necessary number of teachers, support staff, nurses, and counselors, professional development, and insurance not funded but required by the state.
- **Programs:** Funding special education, art, music, drama, electives, MIHS 7-period Day, and other enrichment programs.
- **Operations:** Covering day-to-day costs, transportation, class size reduction, and building maintenance.
- **Materials:** Purchasing textbooks, instructional materials, and technology.

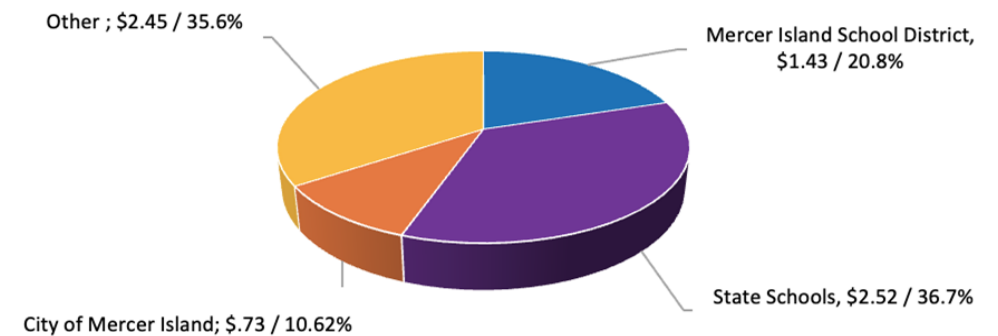


How much does MISD collect from local taxpayers to fund schools?



- Three parts to your tax bill for schools and education
 1. State Education Tax Collection (Majority of revenue is allocated to the state general education fund)
 2. Bonds or Debt Service (All revenue stays in MISD)
 - a) Repays debt for construction
 - b) Unless a new bond is approved, the current bond debt expires in 2029 and 2030
 3. Levies (All revenue stays in MISD)
 - a) EP&O
 - a) \$12 million generated annually
 - b) 16% of MISD's total budget
 - b) Capital & Technology Levy
 - a) \$8 million generated annually
 - b) 10% of MISD's total budget

2024 Property Taxes - Total Rate = \$6.87



Of the \$1.43 **locally** assessed levy for schools, \$.45 goes towards the payment of the bond (Debt Service Fund), \$.59 is for the Educational Programs and Operations (EP&O) Levy and \$.39 is for the Capital and Technology (Cap/Tech) Levy.

Do all districts in Washington have an EP&O Levy?

- No, but nearly every district does. Districts rely on an EP&O levy to fill a gap between what local communities expect from their public schools and what is funded by Washington State
 - Smaller and more rural districts who do not generate enough revenue from a levy must also depend on Local Effort Assistance (LEA) to subsize their costs
- Limited to a period of up to 4 years
- Requires voter approval (simple majority)



EP&O Levy Comparisons

Puget Sound Educational Service District



- PSESD has 35 school districts
- All 35 have EP&O Levies
- Levy Length
 - 31 districts have 4-year levies
 - 3 have 3-year levies
 - 1 has a 2-year levy
- Lastly, there are constant changes that the legislature makes to the EP&O levy: e.g. \$500 additional per student FTE, Consumer Price Index (inflation) adjustments, etc.



MISD's Successful EP&O Levy History



- **2015-2018 EP&O Levy- No Levy Lid Era**

- Approved in February 2014
- 4-Year
- Passed @ 74.07%
- Collection Amounts- \$14.25MM, \$15.1MM, \$16MM, & \$16.975MM Per Year

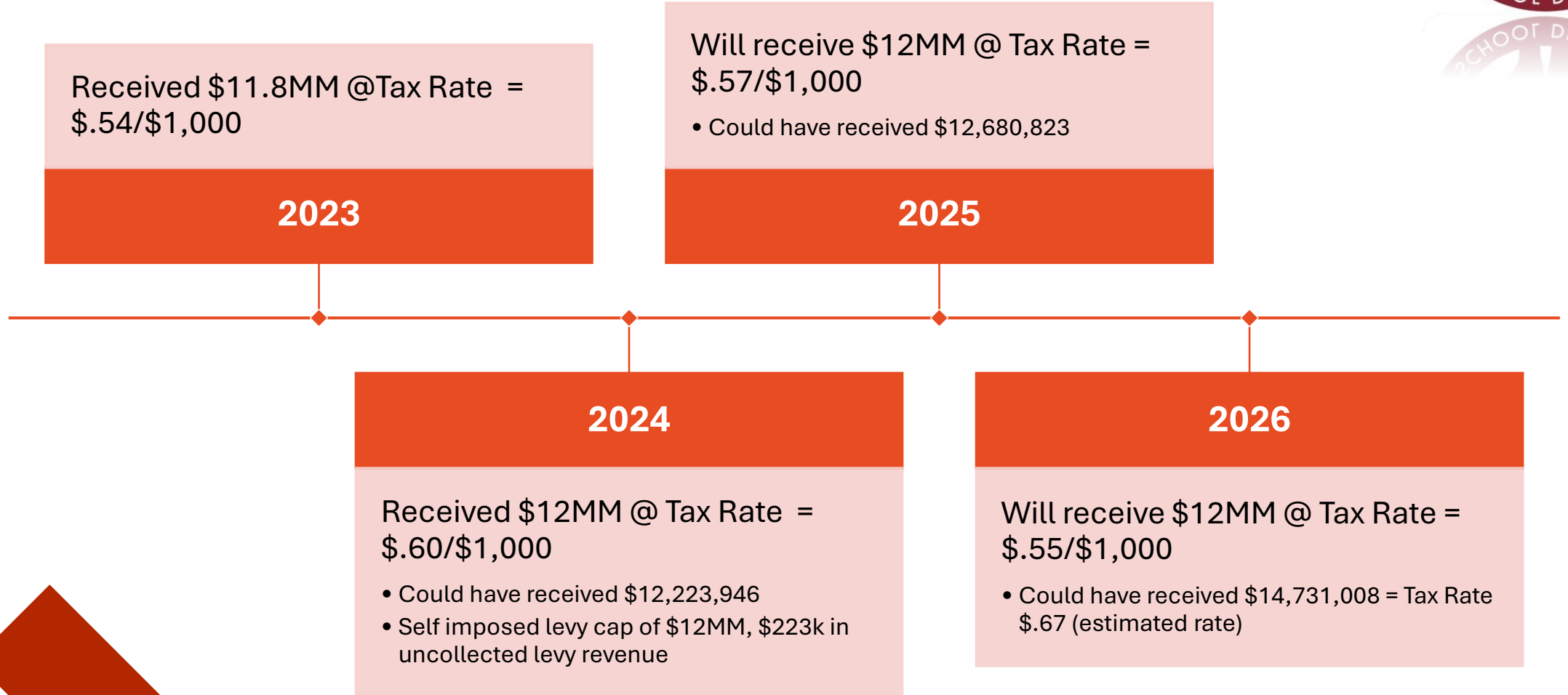
- **2019-2022 EP&O Levy- Start of the Levy Lid Era (2019)**

- Approved in February 2018
- 4-Year
- Passed @ 71.69%
- Collection Amounts- \$11.75MM, \$12MM, \$12.3MM, & 12.75MM Per Year

- **Current EP&O Levy (2023-2026)**

- Approved in February 2022
- 4-Year (calendar year, not school year)
- Passed @ 73.66%
- Collection Amounts- \$12MM Per Year Ceiling

A Closer Look at 2023-26 EP&O Levy Revenue



* Tax rates fluctuate because annual home values/assessed home values change

Changes to EP&O Levy Authority in 2025 New Opportunities Ahead

- House Bill 2049
 - Increases the Per Pupil Allocation by \$500
 - Signed into law May 20th, 2025
 - Starts in 2026 tax collection year



2027-30 Proposed EP&O Levy Renewal Revenue & Tax Rate Implications



- Start with Tax Year 2027
 - Estimated levy amount \$15,683,956 @ Tax Rate = \$.70/\$1,000
 - Seeking Levy Authority = \$16MM @ Tax Rate = \$.72/\$1,000
 - Ensures MISD collects allowable amount
 - Exact amount determined by student enrollment...cannot exceed 16MM regardless of enrollment
 - Tax Implications for the individual property owner
 - Estimated EP&O rate increase of \$.15/\$1,000
 - ❖ Compared to current MI EP&O levy amount = +27%
 - ❖ Compared to all MI local school taxes = +15%
 - ❖ Compared to the entire individual MI tax bill = +3%



2027-30 Proposed EP&O Levy Renewal Revenue & Tax Rate Implications



- 2028
 - 2028 potential to receive \$16,619,999 // Tax Rate \$.72
 - Levy Amount/Authority = \$17MM // Tax Rate \$.75
- 2029
 - 2029 potential to receive \$17,512,027 // Tax Rate \$.75
 - Levy Amount/Authority = \$18MM // Tax Rate \$.77
- 2030
 - Potential to receive \$18,451,901 // Tax Rate \$.77
 - Levy Amount/Authority = \$19MM // Tax Rate \$.80



EP&O Recommended Levy Timeline

- **February 10th, 2026, Election**
 - Resolution Filing Deadline – December 12th, 2025
 - First Reading at the October 9th Board Meeting
 - Second reading at the October 23rd Board Meeting





Next Steps

- October 9th – First Reading – EP&O Resolution No. 747
- October 23rd – Second Reading /Adoption – EP&O Resolution No. 747
- November 13th – Board Appoints Committee to draft the “for” and “against” statements for the local voters’ pamphlet
- December 12th – King County Filing Deadline for February 10, 2026, Election

