

# SENATE BILL REPORT

## SSB 5239

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As Amended by House, April 4, 2011

**Title:** An act relating to the allocation method used for the distribution of federal forest revenue to public schools.

**Brief Description:** Requiring a definition of "resident" for purposes of the allocation method used to distribute federal forest revenue to schools.

**Sponsors:** Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Honeyford, Morton, Swecker and Becker; by request of Superintendent of Public Instruction).

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/26/11, 2/02/11 [DPS-WM].  
Ways & Means: 2/08/11 [DPS(EDU)].  
Passed Senate: 3/05/11, 48-0.  
Passed House: 4/04/11, 94-0.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5239 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Harper, Vice Chair; Litzow, Ranking Minority Member; Eide, Hill, Hobbs, King, Nelson, Rockefeller and Tom.

**Staff:** Juliana Roe (786-7438)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5239 as recommended by Committee on Early Learning & K-12 Education be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Parlette, Ranking Minority Member Capital; Baumgartner, Conway, Fraser, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

**Staff:** Elise Greef (786-7708)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:** The Washington State Constitution requires the state to provide basic education for its citizens. In fulfillment of this responsibility, the Superintendent of Public Instruction (SPI) calculates for each of the school districts a basic education allocation (BEA). Under current Washington State practices, Federal Forest Funds received from the federal government pursuant to federal law for the benefit of any particular school district are deducted from its total BEA. In other words, for every dollar received by a school district under federal law, there is a corresponding dollar reduction in the BEA received by that school district from the state up to the full amount of the district's BEA.

In 1989 the courts held that Congress intended to single out Skamania County and its school districts for a special benefit. It held that the school districts in Skamania county may use the Federal Forest Funds allotted to them without being penalized by a corresponding complete reduction in their BEAs as it would violate the Supremacy Clause of the United States Constitution. Therefore, 30 percent of the federal forest revenue is deducted from Skamania County school districts' BEA, leaving 70 percent to be distributed among the districts.

Currently, the distribution of Skamania County Federal Forest Funds to districts within the county is affected by enrollments of non-resident students in alternative learning education (ALE) programs. A district with high ALE enrollments originating from other parts of the state receive a larger proportional share of county revenues than would otherwise be received.

**Summary of Substitute Bill:** SPI must distribute funds received from the federal government to counties for school districts in the respective counties in proportion to the number of resident full-time equivalent students enrolled in each public school district to the number of resident full-time equivalent students enrolled in public schools in the county.

SPI must adopt rules regarding the definition of resident provided that the impact of federal funds distribution be considered with regard to alternative learning experience students. This must be completed by June 30, 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on September 1, 2011.

**Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee (Early Learning & K-12 Education):** PRO: Small school districts in Skamania County count on receiving federal forest funds. However in recent years virtual academy students have affected this funding stream causing a significant hit to small districts. Because current law states that federal forest funds go to school districts within the county based on total reported enrollment, those schools with out-of-county ALE students are receiving money based on students from outside of their district. We hope that there can be a version of the bill that will compensate for the inflation of funds going to students who are nonresidents of the district.

The funding formula for federal forest funds is antiquated. It was created prior to ALEs or online learning. This formula did not take into account hundreds of students being able to transfer to other districts as they can today.

CON: The state created a system in which a family can choose to have children go to a school district in another county effectively making the student a resident of that district. That school district is then responsible for all of the costs and responsibilities associated with that student. This bill effectively punishes one district out of 295 districts statewide. It would shut down the Stevenson-Carson School District's virtual school. We feel the same pain that the small districts are feeling, but we should not be punished for doing what the law allows us to do. Further, the Federal Forest Fund allocation will end next year.

**Persons Testifying (Early Learning & K-12 Education):** PRO: Senator Honeyford, prime sponsor; Shawn Lewis, OSPI; Dale Palmer, Mill A School District; Teresa Baldwin, Washougal School District; JoAnn Fritz, Skamania School District.

CON: Bill Hundley, Steven-Carson School District.

**Staff Summary of Public Testimony (Ways & Means):** None.

**Persons Testifying (Ways & Means):** No one.

**House Amendment(s):** The SPI is required to adopt rules that take effect September 1, 2011, which coincides with the effective date of the change in law that requires federal forest fund distribution based on resident students. The underlying bill took effect September 1, 2011, but required the SPI to adopt rules defining a resident student as of June 30, 2011.