

HOUSE BILL REPORT

HB 2207

As Reported by House Committee On:
Appropriations Subcommittee on Education
Appropriations

Title: An act relating to eliminating the reduction in state basic education funding that occurs in counties with federal forest lands.

Brief Description: Eliminating the reduction in state basic education funding that occurs in counties with federal forest lands.

Sponsors: Representatives Haigh, Orcutt, Haler, Tharinger, Blake, Short, Van De Wege, Fagan, Magendanz and Buys.

Brief History:

Committee Activity:

Appropriations Subcommittee on Education: 1/22/14, 1/29/14 [DPS];
Appropriations: 2/10/14, 3/1/14 [DP2S(w/o sub APPE)].

Brief Summary of Second Substitute Bill

- Eliminates the reduction of federal forest revenues from school district basic education allocations for school districts that receive \$25 or less per full-time equivalent student.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Haigh, Chair; Fagan, Ranking Minority Member; Carlyle, Dahlquist, Haler, Lytton, Pettigrew, Seaquist, Sullivan and Wilcox.

Staff: Jessica Harrell (786-7349).

Background:

Over 21 percent of all of Washington land is in national forests. These lands are exempt from local property tax. The federal government shares a portion of the revenues from the management of these lands with public schools, universities, community colleges, and state

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.

institutions. The majority of the revenues are derived from the harvest of timber. The amount of funds varies greatly from year to year, depending on the harvesting activities in the federal forestlands within the various counties. It is additionally dependent on the federal reauthorization of the distribution of the revenues.

The federal government currently pays 25 percent of revenues from federal forest lands to the state. Per federal statute, the state Legislature determines how these revenues are spent for benefit of public schools and roads in the affected counties. Per state statute, 50 percent of the revenues are distributed to counties for roads and the remaining 50 percent is allocated to school districts within those counties. For counties in which there is more than one school district, the funds are distributed in proportion to the number of full-time equivalent students in each respective district.

General apportionment is the primary means by which basic education funding is allocated to school districts. The basic education rate is the per pupil allocation provided to districts for a general education student, and is the foundation of the general apportionment budget. State basic education funding to school districts in counties with federal forest lands is reduced by an amount equal to the federal forest revenue that the district receives. The total estimated federal forest revenue to be distributed to school districts in fiscal year 2014 is approximately \$8.3 million.

Summary of Substitute Bill:

Over a period of three biennia, the Superintendent of Public Instruction will phase out the reduction of districts' basic education allocations that offsets the receipt of the federal forest fund revenues. In school year 2014-15 the offset is eliminated for the poorest one-third of districts. In school years 2015-16 and 2016-17 the offset to general apportionment with federal forest revenues is not permitted for the poorest two-thirds of districts. Beginning with the 2017-18 school year, the offset of general apportionment with federal forest revenues is eliminated.

Substitute Bill Compared to Original Bill:

A schedule to phase in the elimination of the offset of basic education allocations with federal forest fund revenues is added. Full implementation of the elimination of the offset is moved to the 2017-18 school year from the 2014-15 school year.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on September 1, 2014.

Staff Summary of Public Testimony:

(In support) This legislation would be one more step toward fully funding the state's paramount duty. Washington is the only state that reduces state allocations to districts by an amount equal to the federal forest revenue. Most of the districts affected are small, rural districts with few other resources for raising local revenue. Permitting districts to keep this revenue without offsetting the general apportionment allocations would enable districts to expand services to students. The purpose of the federal forest revenues is to make up for the loss of revenue from removing the federal forest lands from economic development. Making this change is the fair thing to do for the school districts affected by the loss of this resource.

(Opposed) None.

Persons Testifying: William Clark, Washington State School Directors' Association; Russ Pfeiffer-Hoyt, Mount Baker School District; Neal Kirby, Centralia School District; Michael Howe, Sequim School District; Jim Kowalkowski, Davenport School District; and Paul Turner, Tonasket School District.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Appropriations Subcommittee on Education. Signed by 19 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Fagan, Green, Haigh, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Pettigrew, Seaquist, Springer, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 12 members: Representatives Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Christian, Dahlquist, Haler, Harris, G. Hunt, Parker, Schmick and Taylor.

Staff: Jessica Harrell (786-7349).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Appropriations Subcommittee on Education:

The phase-out of the offset to basic education allocations for federal forest revenues is eliminated. Instead, the Superintendent of Public Instruction is restricted from offsetting basic education allocations with federal forest revenues only in instances where a district's federal forest revenues are \$25 or less per full-time equivalent student. Additionally, the intent section is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The timber funds were intended to offset the losses in tax base with the creation of the U.S. National Forest, created by President Roosevelt. The deductions to basic education allocations begin shortly after the Doran School Funding decision. These funds are similar to the federal impact aid, which are not deducted from the basic education allocation. If the timber revenue funds could be retained, schools could hire additional teachers, mental health counselors, or other staff that would support the academic achievement of students at risk.

(Opposed) None.

Persons Testifying: Neal Kirby, Centralia School District; Russ Pfeiffer-Hoyt, Mount Baker School District; and Tom Churchill, Meridian School District.

Persons Signed In To Testify But Not Testifying: None.