

HOUSE BILL REPORT

EHB 3171

As Passed House:

March 22, 2000

Title: An act relating to improving funding for education.

Brief Description: Improving funding for education.

Sponsors: Representatives Quall, Talcott, H. Sommers, Huff, Rockefeller, Woods, Schual-Berke, Alexander, Haigh, Schindler, Keiser, Boldt, Stensen, Mielke, Santos, Bush, Linville, McDonald, Hurst, Hankins, Conway, Kessler, Kastama, Ruderman, Edwards, Scott, Dunshee, Constantine, Romero, Mulliken, Carlson, Sump, Wensman, Esser, Dunn, Van Luven, Skinner, G. Chandler, Ballasiotes, Radcliff, Thomas, Ogden, Cody, Barlean, Cooper, Wood, Regala, Miloscia, O'Brien, Anderson, Wolfe, Lovick, Lantz, Tokuda, Morris, Dickerson, Veloria, Fisher, Benson, Sullivan, Lisk, Parlette, Campbell, Fortunato, D. Schmidt, Clements, Buck, Pennington and Mastin.

Brief History:

Committee Activity:

Appropriations: 3/22/00 [DPA].

Floor Activity:

Passed House: 3/22/00, 98-0.

Brief Summary of Amended Bill

- The Better Schools Fund is created. Appropriations from the Better Schools Fund will be distributed to school districts based on the prior year's enrollment.
- Lottery revenues will be deposited into the Better Schools Fund instead of the state general fund.
- Allocations from the Better Schools Funds can be used for new or expanded programs for class size reductions, extended learning opportunities, professional development, developmental pre-school programs or related facilities improvements.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 31 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Alexander; Boldt; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Sump; Tokuda and Wensman.

Minority Report: Without recommendation. Signed by 1 member: Representative Benson.

Staff: Julie Salvi (786-7349).

Background:

The Legislature established the state lottery in 1982. State lottery revenues can be used only for the following purposes:

- a) payment of prizes;
- b) deposits into the reserve account and the lottery administrative account;
- c) deposits into the state general fund;
- d) distributions for the baseball stadium;
- e) distributions to the stadium and exhibition center account;
- f) purchase and promotion of lottery games and related services; and
- g) agent compensation.

In Fiscal Year 1999, \$108.5 million in lottery revenues was deposited into the state general fund. The February 2000 revenue forecast estimates that \$222.1 million of lottery revenues will be deposited into the state general fund in the 1999-01 Biennium.

I-601, enacted by the voters in 1993, establishes an expenditure limit for the state general fund, and it requires that the expenditure limit be decreased if moneys are transferred from the state general fund to another fund or account. Since lottery revenues are deposited in the state general fund, transfer of these revenues to another fund or account would result in a reduction to the expenditure limit.

A statutory debt limit prohibits the state from incurring aggregate debt that would result in debt service payments that exceed 7 percent of the average of general state revenues for the previous three years.

Summary of Amended Bill:

As of January 1, 2001, revenues from the lottery will be deposited in the newly created Better Schools Fund, rather than in the state general fund. The transfer of

general fund moneys to the Better Schools Fund is exempted from the requirement that the expenditure limit be adjusted, so the transfer will not result in a reduction in the expenditure limit. Additionally, the deposits the Better Schools Fund will not be deducted from general state revenues for purpose of calculating the debt limit.

The Better Schools Fund is created as an appropriated account in the state treasury. Money from the account will be distributed to school districts on the same monthly schedule as used for general apportionment. Each school district's amount will be based on the number of full-time equivalent students in the school district during the prior school year.

Better schools funds may be used for the following new and expanded educational enhancements:

1. To reduce class size in grades K-4.
2. To make selected reductions in class sizes in grades 5-12.
3. To provide extended learning opportunities, including but not limited for to full-day kindergarten, before-school, after-school, summer, or weekend school programs.
4. To provide additional professional development for certificated and classified staff
5. To provided new or expanded developmental pre-school programs.
6. For facilities improvements or additions directly related to the new or expanded services.

Educational enhancements funded through the Better Schools Fund are not part of the state's definition of basic education.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect on January 1, 2001.

Testimony For: None.

Testimony Against: None.

Testified: None.