

# HOUSE BILL REPORT

## HB 1989

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### As Reported by House Committee On:

Education

**Title:** An act relating to legislative review of school district financial management practices.

**Brief Description:** Reviewing school district financial management practices.

**Sponsors:** Representatives Anderson, Rockefeller, Quall, Cox, Fromhold, Miloscia, Pflug, Talcott, Santos and Keiser.

### Brief History:

#### Committee Activity:

Education: 2/21/01, 2/26/01 [DPS].

#### Brief Summary of Substitute Bill

- Requires the Joint Legislative Audit and Review Committee (JLARC) to design a system for evaluating whether a school district is employing best financial management practices.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Quall, Democratic Co-Chair; Talcott, Republican Co-Chair; Anderson, Republican Vice Chair; Haigh, Democratic Vice Chair; Cox, Ericksen, Keiser, McDermott, Pearson, Rockefeller, Santos, Schindler, D. Schmidt and Schual-Berke.

**Staff:** Sydney Forrester (786-7120).

### Background:

The JLARC is comprised of eight senators appointed by the President of the Senate, and eight representatives appointed by the Speaker of the House. The committee is empowered to examine and review the use of appropriated funds and to conduct performance audits, fiscal reviews, and other studies necessary or desirable to promote economy, efficiency, and effectiveness in state government.

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**Summary of Substitute Bill:**

The JLARC will develop an evaluation system to determine whether districts are employing best financial management practices. The evaluation system will include specified components to evaluate particular functional areas, including: management structure; performance accountability; delivery of educational services; personnel services; facilities maintenance; transportation; food services; safety and security; and community involvement. In designing the system, the committee will consult with legislative committees, the State Auditor, the Office of Financial Management, the Office of the Superintendent of Public Instruction (OSPI), the State Board of Education, educational service districts, and other community and educational organizations.

**Substitute Bill Compared to Original Bill:**

The substitute bill does not require the committee to conduct reviews of school district financial management practices during the 2001-2003 biennium.

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**Appropriation:** None.**Fiscal Note:** Available on original bill.**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.**Testimony For:** The State Auditor supports this concept. Several other states are implementing similar plans to evaluate whether maximum value is gained from finite tax dollars. The state is moving to a situation where the K-12 budget is absorbing almost 50 percent of the state budget. Accountability for spending goes hand-in-hand with the state's paramount goal of improving academic achievement through quality education practices.

(Concerns) Funding should not be a burden on school districts. The OSPI consistently looks for ways to help school districts implement best financial management practices and use I-728 funds more effectively. Two hundred and ninety-six districts means many different accounting systems are in place, and the costs of a comprehensive study could be great.

**Testimony Against:** None.**Testified:** (In support) Representative Anderson, prime sponsor; and Linda Long, State Auditor's Office.

(With concerns) Barbara Martens, Washington Association of School Administrators; Ken Kanikeberg, Office of the Superintendent of Public Instruction; and Dan Steele, Washington State School Directors' Association.