

# HOUSE BILL REPORT

## HCR 4411

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**As Reported by House Committee On:**  
Capital Budget

**Brief Description:** Creating the joint select committee on school construction funding.

**Sponsors:** Representatives Murray and Alexander.

**Brief History:**

**Committee Activity:**

Capital Budget: 1/23/02 [DPS].

**Brief Summary of Substitute Bill**

- A joint select committee on K-12 school construction funding is created.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Murray, Chair; McIntire, Vice Chair; Alexander, Ranking Minority Member; Armstrong, Bush, Casada, Chase, Esser, Hankins, Hunt, Lantz, O'Brien, Ogden, Reardon, Schoesler, Voloria and Woods.

**Staff:** Charlie Gavigan (786-7340).

**Background:**

The state provides financial assistance to school districts for constructing new and remodeling existing school buildings. The state assistance program is based primarily on two principles: (a) state and local school districts share the responsibility for the provision of school facilities; and (b) there is an equalization of burden among school districts to provide school facilities regardless of the wealth of the districts. Given these principles, a school district must first secure voter approval of a bond levy or other tax source for the local share of a school project before it becomes eligible for state matching money. Once the local share is secured, the state matching money is allocated to districts based on a set of space and cost standards adopted by the State Board of Education and a statutory matching ratio based on the relative wealth of the district.

A 1967 constitutional amendment dedicates school trust land revenues, primarily timber

sales, to support school construction, and established the Common School Construction Account to direct this revenue to school districts. During the first 20 years of the Common School Construction Account, the timber revenues funded the state's share of school construction. Beginning in the mid-1980s, school construction needs grew faster than the timber revenues could support. Since that time, the Legislature periodically has supplemented the Common School Construction Account with appropriations from the state General Fund and bond proceeds in order to fund the state's share of school construction. The state share of school construction costs has declined from 64 percent to 33 percent over the past 15 years.

In 2000 in an attempt to augment the trust land revenues, the Legislature changed the Initiative 601 emergency reserve from 5 percent of biennial general fund reserves to 5 percent of annual revenues and deposited any general fund revenues in excess of the 5 percent into the Education Construction Fund every year instead of every two years. In 2001 voters passed Initiative 728 which, among other things, eliminated the deposit of excess reserves into the Education Construction Fund (ECF); instead a portion of the lottery proceeds are deposited in the ECF.

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**Summary of Substitute Bill:**

A Joint Select Committee on School Construction Funding is created: (1) to review the statutory provisions regarding the funding of school construction projects; (2) to review the current funding process to identify areas in need of modification to improve efficiency and streamline the current process; (3) to identify additional funding mechanisms to increase stability of available funding resources; and (4) to evaluate potential future demands on the system, and the flexibility needed in the system to address diverse district and geographic needs. The joint select committee consists of 12 members with equal representation from both major caucuses: two members each from the House committees on Capital Budget, Finance, and Education, appointed by the Speaker of the House of Representatives, and four members from the Senate Committee on Ways and Means, and two members from the Senate Committee on Education, appointed by the President of the Senate.

The joint select committee reports its findings and recommendations to the Legislature by December 31, 2002.

**Substitute Bill Compared to Original Bill:**

The substitute bill makes technical updates.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Testimony For:** (On 3/5/01 to original bill) The state's policies and funding mechanisms regarding school construction need to be reviewed and methods developed to better meet school construction needs. The resolution does a good job of involving multiple committees and involving both the House and Senate in deliberations on this important issue.

**Testimony Against:** None.

**Testified:** Larry Davis, State Board of Education.