

REVENUE: Revenue statement issued
FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	5 - 0 - 0
Yeas:	Avakian, Ferrioli, Kruse, Monnes Anderson, Brown
Nays:	0
Exc.:	0
Prepared By:	Marjorie Taylor, Administrator
Meeting Dates:	6/25

WHAT THE MEASURE DOES: Authorizes certain school districts to contract with qualified private alternative education programs to provide services to homeschooled children. Directs State Board of Education to adopt formula for calculation of amount of funding to be received by programs from State School Fund distributions. Declares emergency, provisions effective July 1, 2007. Increases the education service district (ESD) minimum allocation of state and local funding from a little less than \$950,000 to \$1 million per year. Requires the interim revenue committees to study the adequacy of funding for small school districts and small ESDs and make recommendations to the 2009 legislature. Repeals the transfer of \$2.5 million each year from the State School Fund to the Small School District Supplement Fund. Deletes statutes that distribute the Supplement Fund to districts with less than 8,500 weighted students that have small high schools. Provisions related to the Small School District Supplemental Fund take effect June 30, 2012.

ISSUES DISCUSSED:

- Services for homeschooled students
- Grandfathering funding mechanism for HomeSource
- Funding of Frontier Education Service Districts
- 2012 sunset on dedicated funding for small schools

EFFECT OF COMMITTEE AMENDMENT: Increases the education service district (ESD) minimum allocation of state and local funding from a little less than \$950,000 to \$1 million per year. Requires the interim revenue committees to study the adequacy of funding for small school districts and small ESDs and make recommendations to the 2009 legislature. Repeals the transfer of \$2.5 million each year from the State School Fund to the Small School District Supplement Fund. Deletes statutes that distribute the Supplement Fund to districts with less than 8,500 weighted students that have small high schools. Provisions related to the Small School District Supplemental Fund take effect June 30, 2012.

BACKGROUND: In 1995, the Bethel School District requested advice from the Department of Education on how to structure and fund educational resources for homeschooled students. Based on this advice, the district contracted with HomeSource for educational programs for homeschooled students. This past year the Department changed the application of its rule based on advice from the Department of Justice. The revised rule interpretation reduces Bethel School District funding for HomeSource programs. HomeSource may choose not to continue to offer educational resources for homeschooled students with the current rule application.

The 2001 Legislature enacted the Small School District Supplement Fund for small districts with small high schools. For the 2001-03 biennium, the transfer from the State School Fund to the Supplement Fund was \$9 million. The school district grant was \$200 per small high school ADM. The remainder was for need grants that required an

to the funds transferred divided by the number of qualified small high school students. Need grants were eliminated. The 2005 Legislature made the \$5 million per biennium (\$2.5 million per year) transfer and distribution permanent.

With the phase-in of ESD equalization beginning in 2001-02, the minimum funding for ESDs increased from \$700,000 to \$1 million per year in 2005-06. The \$1 million minimum is somewhat reduced by a final rebalance to make the allocation of state and local revenue equal to funds available. In 2005 when the legislature reduced the ESD share of state and local revenue from 5% to 4.75%, the \$1 million minimum was reduced to \$950,000. After rebalancing, the minimum ESD funding becomes about \$946,000.