

**REVENUE: Revenue Impact Issued**

**FISCAL: Fiscal Impact Issued**

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**Action:** Do Pass with Amendments and Requesting Referral to Ways and Means, and be printed B Engrossed.

**Vote:** 3-1-0

**Yeas:** Hass, Morse, Burdick

**Nays:** Telfer

**Exc.:** 0

**Prepared By:** Dae Baek, Economist

**Meeting Dates:** 3/21, 3/23, 3/28, 3/30

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**WHAT THE BILL DOES:** Allows a school district of an education service district to withdraw from the education service district on or after July 1, 2014. Allows the withdrawal for a school district in specified education service districts on or after July 1, 2012. Requires the education service district to distribute to school districts that withdraw, the school district's prorated amount of specified funds available to the education service district. Directs that, for purposes of the State School Fund distribution, the education service district's share be 3.56 percent for the 2011-12 distribution, and 2.37 percent beginning with the 2012-13 distribution. Declares an emergency and takes effect on passage.

**ISSUES DISCUSSED:**

- Smart Education Service District (ESD) reform
- Cost-effective delivery of ESD services that are responsive to local needs
- Experience of the Union Baker ESD South Consortium
- Ensuring accountability and robust oversight

**EFFECT OF COMMITTEE AMENDMENTS:** Establishes the Office of Regional Educational Services for the purposes of coordinating the efforts of and providing leadership for regional education service delivery system. Directs the Superintendent of Public Instruction to estimate, retain, and pay for the cost of the administration of the Office of Regional Educational Services. Modifies conditions under which a school district in specified education service districts is allowed to withdraw from an education service district. Clarifies the scope of prorated funds to be distributed to a school district upon its withdrawal from an education service district. Directs that a withdrawing school district receive 90 percent of the district's prorated share of specified funds available to an education service district. Excludes, from the pool of funds to be distributed to withdrawing school districts, funds that an education service district receives for energy audit purpose.

**BACKGROUND:** Currently, for purposes of the State School Fund distribution, the education service district's share is 4.75 percent of the combined local and state resources available for school districts and education service districts.