



July 13, 2022

Dear Common School Trust Revenue Partners:

Over the last year, I have shared significant concerns about the diminishing share of school construction funds that are represented by Common School Trust (CST) revenue, and more specifically, the share that is coming from forest revenues within the CST portfolio.

Attached is some baseline information that I hope will spur additional conversations and policy changes related to Common School Trust revenue. Let me highlight a few things about the data:

1. This data looks back approximately 10 years.
2. Local voters (via bond authorization votes) on average pay for 90% of school construction in the state of Washington. The state's share from all sources (state bonds and Common School Trust revenue) is approximately 10%.
3. The state clearly has a Constitutional Basic Education mandate to fund school district operations, but no such mandate to fund school construction.
4. Of the roughly 10% the state does contribute to school construction, the share from Common School Trust revenue (timber, agriculture, leases, etc.) has shrunk from 29% to just over 10% in the last 10 years. (The state is relying on more general state revenues or state bond proceeds to maintain their 10% share.)
5. Therefore, the share of total school construction (state and local) that is funded with Common School Trust has fallen from 3.35% to 1.38% over 10 years.
6. The Common School Trust timber revenue has shrunk from 2% to 0.7% of total school construction over the last 10 years. Agricultural production, leases, and other commercial activities are growing faster than timber production.
7. The counties (and their schools) that generate the most timber revenue do not receive a proportionate amount from Common School Construction cash sources. Our most densely populated urban counties (King, Pierce, and Spokane) are the biggest benefactors of rural timber production, with schools in Yakima County also serving as significant net beneficiaries. This means the rural counties who host most of our state's timber production are not the primary beneficiaries of the funds.

I share these facts with you to spur a much deeper conversation. Timber harvests are not a driving force for school construction. Timber harvests have become an almost insignificant share of total school construction, and timber counties are primarily shipping their wood products and the tax revenues derived from those products to the benefit of urban counties.

It is time for us to embrace a new future! Moving forward, it is time for Washington state to do the following:

- A. Finally sever urban school construction from timber harvests.
- B. Have the state take on a much bigger share of school construction from general state sources.
- C. Target the shrinking share of revenue from timber harvests toward rural communities first and foremost to:
 - i. Support rural school districts and communities through this transition by ensuring that 100% of timber revenue and other Common School Trust revenue is retained within the county from which it is generated as they diversify the use of those trust lands;
 - ii. Manage more healthy forests (thinning, fire mitigation, species preservation, and water quality); and
 - iii. Transition more trust lands to long-term sustainable uses (energy production – wind and solar, recreation, education, and carbon market leases).

Change is complicated, difficult, and generally managed by those who have most benefited from the disproportionate advantages of unjust systems. It is time to recognize that the future of school construction can no longer be tethered to timber harvests. We have desperate needs to preserve species, forests, clean air, and clean water. Further, our rural communities will be aided most effectively by keeping the revenue from timber harvests within those communities to invest in their futures. That future will still include the wood products industry, as wood is a powerful renewable resource.

Our economy will continue to diversify; however, timber revenues will continue to be a shrinking share of our state's private and public economic activities. Now is the time to decouple Common School Trust revenues from the School Construction Assistance Program and instead put those dollars to work more efficiently supporting rural communities and diversifying the uses of school trust lands.

I will be advancing these facts and action steps in the upcoming legislative session. I trust our Legislature will work with all the impacted parties to ensure our schools get a growing share of state Capital Budget resources even as the minor contribution coming from timber harvests is targeted for rural communities.

It's time to make a basic education commitment to school construction with more reliable sources of revenue than timber harvests. It's time to keep rural timber revenue in rural communities as they continue to transition from their long history of traditional harvesting to one that includes more sustainable harvests, more recreation, and more economic benefits derived from protecting forests from the dangerous impacts of climate change.

Please reach out to my office with any questions you may have.

Sincerely,



Chris Reykdal
Superintendent of
Public Instruction