

FINAL BILL REPORT

SSB 6727

C 302 L 98

Synopsis as Enacted

Brief Description: Modifying the savings incentive and education savings accounts.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators West, Wood, Hale, Kohl, Winsley, Prince, B. Sheldon, McDonald, Brown, Bauer, Rasmussen and Oke).

Senate Committee on Ways & Means

House Committee on Appropriations

Background: In 1997, the Legislature established the Savings Incentive Account to receive a portion of the incentive savings— that remain unexpended by state agencies at the end of each fiscal year. Incentive savings— are defined to include all unspent General Fund appropriations except for appropriations for state debt service, higher education enrollments, caseloads in entitlement programs, retirement contributions, and budget provisos where the agency failed to achieve the purpose of the proviso. Moneys in the Savings Incentive Account are credited to the agency that contributed the moneys, and the moneys may be spent by that agency, without a legislative appropriation, for one-time purposes to improve the quality, efficiency, and effectiveness of services to customers of the state (such as employee training and incentives, technology improvements, new work processes, or performance measurements). Moneys in the Savings Incentive Account cannot be used for new programs or services or to incur on-going costs requiring future expenditures.

The 1997 Legislature also established the Education Savings Account to receive all General Fund reversions (unspent appropriations) that are not deposited in the Savings Incentive Account. This nonappropriated account may be expended by the Board of Education for common school construction projects or K-12 technology improvements.

Fiscal Year 1997 reversions deposited in the Education Savings Account were \$54.1 million, of which \$19.7 million was appropriated by the Legislature for technology grants to school districts, leaving a fund balance of \$34.4 million.

Summary: The definition of incentive savings is clarified to allow administrative savings in entitlement programs to be deposited in the Savings Incentive Account, and the definition of entitlement programs is clarified to include specific appropriations intended for pass-through to third parties.

The Education Savings Account is made subject to legislative appropriation. Ten percent of the existing balance in the account and 10 percent of future appropriations are to be divided among three existing state trust funds established for specific higher education purposes: 50 percent for distinguished professorships, 17 percent for graduate fellowships, and 33 percent for community and technical college exceptional faculty awards.

Votes on Final Passage:

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| Senate | 47 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 98 | 0 | (House receded) |

Effective: June 11, 1998