

HOUSE BILL REPORT

HB 2348

As Reported by House Committee On:

Education
Appropriations

Title: An act relating to housing allowances for nonsupervisory K-12 employees.

Brief Description: Creating a housing allowance program for nonsupervisory educational employees.

Sponsors: Representatives Ruderman, Jarrett, Santos, Upthegrove, McIntire, Sommers, Schual-Berke, Conway, Wood, Esser, Kagi and Nixon.

Brief History:

Committee Activity:

Education: 2/4/02, 2/7/02 [DPS];

Appropriations: 2/9/02, 2/9/02 [DP2S(w/o sub ED)].

Brief Summary of Second Substitute Bill

- Permits eligible school districts to provide a housing allowance to non-supervisory certificated and classified employees using levy money raised through housing levies or the housing portion of maintenance and operation levies.
- Makes the distribution of the housing allowance subject to collective bargaining and excludes it from basic education, state salary limitations and the calculation of state funded pension benefits.
- Includes a formula that determines the maximum levy amount that may be submitted to the voters for their approval and excludes housing levies from the levy lid or the state formula for levy equalization.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Quall, Chair; Haigh, Vice Chair; McDermott, Rockefeller, Santos, Schmidt and Upthegrove.

Minority Report: Without recommendation. Signed by 4 members: Representatives

Talcott, Ranking Minority Member; Anderson, Cox and Schindler.

Staff: Susan Morrissey (786-7111).

Background:

In December 2000, the Office of Financial Management (OFM) reported that: (1) housing costs account for most of the differences in the cost of living among regions in Washington; (2) about two-thirds of teacher households in Washington are homeowner households; (3) estimated differences in annual homeowner costs by school district range from approximately \$8,000 in Klickitat County to more than \$42,000 in King County; and (4) the median annual homeowner cost for the 1998-99 school year was \$16,000.

There are state and private programs in Washington providing home-buying assistance for qualified buyers. However, these programs are not specifically designed to assist school employees.

Summary of Substitute Bill:

Eligible school districts may provide a housing allowance to non-supervisory classified and certificated employees. School districts in which housing costs exceed the statewide median would be eligible to provide the housing allowance using funds collected through levies. The funds could be provided through a separate excess levy or through a maintenance and operation levy if the housing allowance levy is separately identified. The current levy lid for maintenance and operation levies would not apply to levies for the support of the housing allowance. Housing allowance levies also would not be considered in determining a district's eligibility for local effort assistance, also called levy equalization.

The Office of the Superintendent of Public Instruction (OSPI) would select a nationally recognized entity to collect statistically valid housing cost data. The selection would be subject to approval by legislative fiscal committees and the OFM. Once every four years, the contractor would collect data on the cost of housing for each school district and on the statewide median, based on a standard set of housing specifications and on the most recently available data.

There is a formula that determines the maximum amount of money that may be raised in a levy for the housing allowance. The formula is based on the number of eligible employees multiplied by the differences between the district's cost of housing and the median cost of housing statewide. In addition, the difference between the district's cost of housing and the statewide median will not exceed 50 percent of the median.

The amount of the housing allowance paid to employees is subject to collective

bargaining. The distribution formula will recognize and be responsive to the disproportionate housing assistance needs of new teachers and certificated and classified employees at the bottom end of a salary schedule or pay scale. The allowance could not be paid to retired employees.

The housing allowance would not be considered: (1) within the definition of basic education; nor (2) salary for the purposes of current district-level salary limitations and supplemental contracts; nor (3) earnable compensation for the purposes of retirement benefits.

The OSPI will administer the program and adopt rules for its implementation.

Substitute Bill Compared to Original Bill:

Individual payment of the housing allowance will recognize and be responsive to the disproportionate housing assistance needs of new teachers and of certificated and classified employees at the bottom end of a salary schedule or pay scale.

Appropriation: None.

Fiscal Note: Requested on January 30, 2002.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: School districts in certain areas of the state are having a difficult time recruiting and retaining new teachers. The attrition rate of teachers with three to five years of experience is reaching crisis proportions for some districts, especially those east of Lake Washington. New teachers, especially those at the bottom of the salary schedule, cannot afford to live in some of the districts where they work. They are often required to spend long hours commuting, time that could be better spent with their families or building ties to their communities. This legislation is an attempt to help districts meet the housing needs of those teachers and of all school employees. It provides communities with optional ways to meet the housing and cost of living needs of their teachers, at virtually no cost to the state.

Testimony Against: Although the proponents of this legislation have identified a legitimate need, this legislation is not the way to meet that need. Housing issues should be addressed by options such as low interest loans and other direct housing measures for teachers. This legislation is a backdoor way to raise the salaries of school employees in some, but not all districts. It will increase the funding and recruitment challenges faced by property poor districts. It will also exacerbate the funding inequities that currently exist among districts.

Testified: (In support) Representative Ruderman, prime sponsor; John Dunn, Seattle Education Association; Andrea Wasek, Seattle Education Association; Kent Richardson, Central Valley School District; Charles Hasse and Karen Davis, Washington Education Association; Shirley Andrews, Washington Education Association, Mukilteo; David Westberg, AFL-CIO Operative Engineers; Mike Riley and Judy Bushnell, Bellevue School District; Ken Glass, Mercer Island School District; Kevin Teeley, Washington Education Association; Doug Nelson for Glenn Gorton, Public School Employees of Washington; and Ken Kenikeberg, Office of the Superintendent of Public Instruction.

(With concerns) Dan Steele, Washington State School Directors' Association.

(Opposed) Rainer Houser, Association of Washington School Principals; Barbara Mertens, Washington Association of School Administrators; and Trent Matson, Building Industry Association of Washington.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by 13 members: Representatives Sommers, Chair; Fromhold, 2nd Vice Chair; Cody, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, McIntire, Ruderman, Schual-Berke and Tokuda.

Minority Report: Do not pass. Signed by 11 members: Representatives Doumit, 1st Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cox, Lisk, Mastin, Pearson and Talcott.

Staff: Denise Graham (786-7137).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Education:

The second substitute clarifies that the housing allowance must be paid from funds raised from a housing allowance levy. The second substitute clarifies that the "statewide median cost of housing" is to be calculated based on the number of school districts.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will make it easier for school districts to attract and retain

qualified personnel. The only cost to the state will be to purchase housing data.

Testimony Against: There are a lot of workers who can't afford to buy houses because of low wages. The increased levies that will result from this bill will make the dream of home ownership even more difficult to fulfill for those in family wage jobs.

Testified: (In support) Karen Davis, Washington Education Association; and Doug Nelson, Public School Employees.

(Opposed) Trent Matson, Building Industry Association of Washington.