

# HOUSE BILL REPORT

## SB 6059

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**As Passed House:**

June 9, 2003

**Title:** An act relating to teachers' cost-of-living increases.

**Brief Description:** Modifying teacher cost-of-living provisions.

**Sponsors:** By Senator Oke; by request of Office of Financial Management.

**Brief History:**

**First Special Session**

**Floor Activity:**

Passed House: 6/9/03, 59-33.

**Brief Summary of Bill**

- Revises Initiative 732 (I-732) by removing language requiring salary increases to be provided to all school district employees.
- Strikes the portion of I-732 that declares the cost-of-living adjustment (COLA) to be part of the state's basic education funding obligation to reflect the state Supreme Court decision in the *McGowan* case.
- Suspends I-732 salary increases for the 2003-04 and 2004-05 school years.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority/Minority Report:** None.

**Staff:** Denise Graham (786-7137).

**Background:**

Prior to the passage of Initiative 732 (I-732), cost-of-living adjustments (COLA) were provided for K-12 public school employees and higher education employees at the discretion of the Legislature within the state biennial operating budget.

I-732 was approved by voters in the November 2000 general election. Beginning in the 2001-02 school year, I-732 required provision of an annual COLA for K-12 teachers and

other public school employees, and community college and technical college academic and classified employees.

During the 2001-03 biennium, the Legislature appropriated sufficient funding to cover the costs associated with providing a COLA to K-12 and community college and technical college staff included in state funding formulas. The Legislature did not provide funding for K-12 staff funded from local levies or federal funds, but adjusted the per pupil inflator for local levies and increased federal spending authority to allow the COLA to be funded from those sources.

In December 2002, the Washington State Supreme Court issued its ruling in the case of McGowan vs. State which was brought by school districts and school employees to compel the state to fund the I-732 COLA for school employees who are not paid from state dollars.

In its decision, the Supreme Court ruled:

- (1) All K-12 employees are entitled to receive the COLA, and the state is required to provide state dollars to fund the COLA for all of these employees (including the employees who are being paid from local levy dollars or federal grants).
- (2) However, these COLAs are not protected by the state Constitution provisions regarding "basic education." While the initiative declared the COLAs to be part of basic education, the court ruled that portion of the initiative to be unconstitutional.
- (3) The court declined to order the state to appropriate the money for the COLAs and indicated that it did not want to speculate on what future appropriations might be made in light of its decision.

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**Summary of Bill:**

Provisions requiring the annual COLA for the 2003-05 biennium are removed. The provisions declaring the COLAs as "basic education" are eliminated. The language of I-732 that directed the state to provide funding for all staff of the school district rather than just those included in state formula staff allocations is removed.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill

is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.