

# HOUSE BILL REPORT

## SHB 2363

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### As Amended by the Senate

**Title:** An act relating to temporary suspension of cost-of-living increases for educational employees.

**Brief Description:** Temporarily suspending cost-of-living increases for educational employees.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representative Linville).

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 4/16/09, 4/18/09 [DPS].

##### **Floor Activity**

Passed House: 4/21/09, 84-12.

Senate Amended.

Passed Senate: 4/26/09, 28-20.

#### **Brief Summary of Substitute Bill**

- Suspends Initiative 732 (I-732) cost-of-living adjustments (COLA) for the 2009-11 biennium for school district employees, as well as community and technical college academic employees and classified employees at technical colleges.
- Requires that state salary allocations be adjusted in future years such that, by the 2014-2015 school year, salary rates are what they would have been if I-732 COLAs had not been suspended during the 2009-11 biennium.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Ben Rarick (786-7349)

**Background:**

Initiative 732 (I-732) was approved by voters in the November 2000 general election. It required the state to provide an annual cost-of-living adjustment (COLA) for K-12 teachers and other public school employees, as well as community college and technical college academic employees and classified employees at technical colleges. The COLA is based on the Seattle-area Consumer Price Index from the most recently completed calendar year.

In 2003, after the ruling in the Washington State Supreme Court case *McGowan v State* regarding interpretation of the state's funding obligation, the Legislature amended the statute to specify that the state must provide funding for cost-of-living increases for K-12 state funded formula staff units only.

The Legislature suspended I-732 for the 2003-05 biennium. Therefore, no COLAs were provided for the 2003-04 or 2004-05 school years. However, a salary adjustment was provided that biennium for state formula certificated instructional staff in their first seven years of service.

Initiative 732 COLA adjustments assumed in the 2009-11 maintenance level budget were 4.2 percent for the 2009-10 school year, and no adjustment for the 2010-11 school year.

**Summary of Substitute Bill:**

The bill suspends I-732 cost-of-living increases during the 2009-11 biennium for K-12 school employee salary rates used in state formulas, as well as for community college and technical college academic employees and classified employees of technical colleges salary rates.

Additionally, COLAs not provided in the 2009-11 biennium will be "caught up" in the ensuing biennia. State salary rates must be adjusted such that, by the end of the 2014-15 school year, base salaries or average salaries used in state allocation formulas are, at a minimum, what they would have otherwise been if COLAs had not been suspended during the 2009-11 biennium.

**EFFECT OF SENATE AMENDMENT(S):**

The effect of the Senate floor amendment was to return to the original house language, which required COLA's suspended during the 2009-11 biennium to be made up to K-12 and some staff community and technical college staff by the beginning of the 2014-15 school year.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2009.

**Staff Summary of Public Testimony:**

(In support) None.

(In support with concerns) Public School Employees 1948 reluctantly supports this legislation. There are lay-offs going on already in school district, and when I-732 COLAs are granted, classified staff usually get laid off to accommodate those increases for certificated staff. Practically speaking, this is not a good time to do I-732 increases.

(Opposed) The Washington Education Association formally opposes the bill. Teachers worked hard to get this initiative passed and it is disappointing to see it made subject to the budget. The WEA realizes that no one else is getting salary increases during these difficult times. However, there is a lot of misinformed rhetoric about teachers not taking salary cuts. In fact, by cutting learning improvement days, the Legislature is in essence cutting teacher salaries. The WEA appreciates the provision for banking the COLA in future biennia. There was a prior suspension in the 2003-05 biennium and those COLAs should also be made up. The Legislature has made up 1 percent of the suspended COLAs, but 2.6 percent remains.

**Persons Testifying:** (In support with concerns) Doug Nelson, Public School Employees SEIU 1948.

(Opposed) Randy Parr, Washington Education Association.

**Persons Signed In To Testify But Not Testifying:** None.