

HOUSE BILL REPORT

HB 1132

As Reported by House Committee On:
Education Appropriations & Oversight
Ways & Means

Title: An act relating to reducing compensation for educational and academic employees.

Brief Description: Regarding reducing compensation for educational and academic employees.

Sponsors: Representative Haigh; by request of Office of Financial Management.

Brief History:

Committee Activity:

Education Appropriations & Oversight: 1/18/11, 2/21/11 [DPS];
Ways & Means: 2/24/11, 5/5/11 [DP2S(w/o sub APPE)].

Brief Summary of Second Substitute Bill

- Suspends Initiative 732 Cost-of-Living Adjustments for K-12 and applicable higher education system staff for the 2011-12 and 2012-13 school years.
- Makes base bonuses paid to teachers certified under the National Board for Professional Teaching Standards subject to appropriations in the state omnibus operating appropriations act (operating budget).
- Clarifies that for the 2011-12 and 2012-13 school years, inclusion of educational credits earned after October 1, 2010, on the Certificated Instructional Staff salary schedule is expressly subject to any conditions or limitations contained in the operating budget.

HOUSE COMMITTEE ON EDUCATION APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Haigh, Chair; Probst, Vice Chair; Frockt, Hope, Maxwell, Orwall, Reykdal, Rolfes, Santos, Seaquist, Sells and Stanford.

Minority Report: Do not pass. Signed by 6 members: Representatives Anderson, Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Dahlquist, Hargrove, Nealey and Short.

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.

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 (CPI) from the most recently completed calendar year.

In 2003 after the Washington Supreme Court ruled in *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.

Legislation was enacted to suspend 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.

The Legislature again suspended I-732 for the 2009-11 biennium. In addition, the Legislature specified in Chapter 573, Laws of 2009 (Substitute House Bill 2363) that the suspended COLAs in the 2009-11 biennium would be made up in the ensuing biennia. Specifically, statute requires that salary rates must be adjusted such that, by the end of the 2014-15 school year, base 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.

Initiative 732 COLA adjustments assumed in the 2009-11 maintenance level budget are 4.2 percent for the 2009-10 school year, and 0.6 percent for the 2010-11 school year. According to the November 2011 forecast from the Economic Revenue and Forecasting Council, Seattle CPI is 0.4 percent for calendar year 2010 (applicable to school year 2011-12) and 1.9 percent for calendar year 2011 (applicable to school year 2012-13).

National Board for Professional Teaching Standards Program.

The National Board for Professional Teaching Standards (NBPTS) provides an opportunity for teachers to seek an advanced teaching credential by undertaking a rigorous application process. Once earned, the certification is valid for 10 years. The application process requires candidates to complete 10 assessments that are reviewed by trained educators. The assessments include four portfolio entries that feature teaching practice and six constructed response exercises that assess subject knowledge. The NBPTS program was created in 1987 after several important research reports documented emerging needs for outcomes-based professional development in the teaching profession. The NBPTS program is framed around five core principles which shape the requirements of certification. They include:

1. Teachers are committed to students and their learning.
2. Teachers know the subjects they teach and how to teach those subjects to students.
3. Teachers are responsible for managing and monitoring student learning.

4. Teachers think systematically about their practice and learn from experience.
5. Teachers are members of learning communities.

Washington is in its 10th year of participation in the program. In 2000 Washington had 71 NBPTS-certified teachers. Currently, the Office of the Superintendent of Public Instruction (OSPI) projects 5,247 in this school year, and nearly 1,450 in 2010-11 candidates in process with portfolios due March 31, 2011.

Additionally, the OSPI offers a conditional loan that funds \$2,000 of the \$2,500 fee for beginning the process of the NBPTS certification. The loan is competitive, and must be repaid once a candidate achieves certification and receives a bonus. The conditional loan was accepted by just under 1,000 candidates in school years 2009-10, and 800 candidates in 2010-11.

The maintenance-level budget for fiscal year 2011 assumes 5,022 teachers will receive the NBPTS base bonuses of \$5,090 per teacher this school year, while 1,353 teachers will receive additional \$5,000 NBPTS bonuses for teaching in high poverty schools.

Certificated Instructional Staff Salary Schedule.

The state allocates funding to school districts for certificated instructional staff (CIS) based on a salary schedule that is established each year in the state omnibus operating appropriations act (operating budget) and is subject to conditions and limitations contained in the operating budget. Previous salary schedules have contained "increments," under which the schedule includes increased salary allocations for CIS staff as they gain additional years of experience or educational credits. Educational credits are eligible for inclusion in the salary schedule if they meet criteria specified in statute.

Summary of Substitute Bill:

Initiative 732 COLAs are suspended for the 2011-12 and 2012-13 school years for both K-12 and applicable higher education employees. The COLAs suspended during the 2009-11 and 2011-13 biennia must be made up in four equal increments during the 2013-15 and 2015-17 biennia. Additionally, bonuses for teachers certified under the NBPTS program are subject to appropriations in the operating budget for the 2011-12 and 2012-13 school years.

Substitute Bill Compared to Original Bill:

The substitute bill includes a requirement to make-up amounts equal to the I-732 COLA allocations suspended during the 2009-11 and 2011-13 fiscal biennia in four equal increments during the 2013-15 and 2015-17 biennia. The substitute bill also makes the NBPTS bonus provided to teachers in high poverty schools subject to funding in the operating budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony:

(In support) The Governor's intention was to suspend COLAs but take out the language requiring the make-up COLAs in the future. The make-up portion would not be required by statute and would be a policy decision before the Legislature in future biennia. The cost of the make-up continues to grow while we continue to struggle with the economy. Currently, the NBPTS program is almost a \$100 million program. The Governor sees this as a suspension and wants to get back to it. As far as the high poverty school bonus language, the intention was to make those bonuses subject to the operating budget.

(Opposed) The Washington Education Association (WEA) opposes the suspension of the COLAs. The Legislature made a promise to recapture the inflation adjustments that were missed, and that language has been taken out. The provision to repay those lost COLAs over time should be included. As far as the NBPTS program, it is important to appreciate how much work goes into this achievement. Teachers give up their life for about 18 months while going through the certification process. The WEA requests that you maintain some semblance of this NBPTS program to keep the incentives intact. One thing that demoralizes a workforce is to create an incentive that employees strive for, and then revoke that incentive. This kind of act can have lasting impacts on a generation of teachers. Additionally, the conditional loan puts certain teachers in a difficult situation, since there would theoretically be no bonus amount to pay back the original conditional loan from.

Persons Testifying: (In support) Jim Crawford, Office of Financial Management.

(Opposed) Randy Parr, Washington Education Association; Doug Nelson, Public Service Employees; and George Scarola, League of Education Voters.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

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 Appropriations & Oversight. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Staff: Ben Rarick (786-7349).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Education Appropriations & Oversight:

The second substitute bill recommended by the Ways and Means Committee removes the "catch-up" requirement, which required the state in the future to provide additional amounts equal to the Cost-of-Living Adjustment (COLA) allocations suspended during the 2009-11 and 2011-13 fiscal biennia. Technical corrections are made to clarify that suspension of the Initiative 732 (I-732) COLA and removal of the "catch-up" requirement applies to all employees subject to I-732. Conditions on eligibility for the National Board for Professional Teaching Standards bonus for teachers in high-poverty schools are removed. Eligibility to include educational credits on the salary schedule is clarified: For the 2011-12 and 2012-13 school years, inclusion of educational credits earned after October 1, 2010, on the certificated instructional staff salary schedule is expressly subject to any conditions or limitations contained in the operating budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony:

(In support) None.

(With concerns) The League of Education Voters believes that the National Board for Professional Teaching Standards bonus for teachers in high poverty schools is an important public policy and should be continued. Hopefully this legislation will help continue to apply pressure to move to a more strategic salary schedule for teachers. The Washington Education Association (WEA) opposes the suspension of the COLAs, however, there is recognition that the Legislature does not have the funding this biennium. The WEA appreciates that the provision to repay those lost COLAs over time has been restored via amendment.

(Opposed) None.

Persons Testifying: Hannah Lidman, League of Education Voters; and Randy Parr, Washington Education Association.

Persons Signed In To Testify But Not Testifying: None.