

# SENATE BILL REPORT

## SB 6727

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As of February 6, 1998

**Title:** An act relating to investments in education.

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

**Sponsors:** Senators West, Wood, Hale, Kohl, Winsley, Prince, B. Sheldon, McDonald, Brown, Bauer, Rasmussen and Oke.

**Brief History:**

**Committee Activity:** Ways & Means: 2/4/98.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Steve Jones (786-7440)

**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 of Substitute Bill:** 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

equally among three existing state trust funds established for specific higher education purposes: distinguished professorships, graduate fellowships, and community and technical college exceptional faculty awards.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Providing funding for the three higher education trust funds will allow the institutions to match several hundred pledges from private donors and will provide an important tool for further fund-raising to recruit and retain outstanding faculty members.

**Testimony Against:** None.

**Testified:** PRO: Terry Teale, Council of Presidents; Earl Hale, State Board for Community and Technical Colleges; Larry Ganders, Washington State University; Sherry Burkey, University of Washington; Kim Merriman, The Evergreen State College; George Durrie, Eastern Washington University; Carolyn Clark, Council of Faculty Representatives.