

HOUSE BILL REPORT

HB 1082

As Reported by House Committee On:

Education

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, Tom, Hunter, Jarrett, McDermott, Nixon, Clibborn, Sommers, Sullivan, McIntire, O'Brien, Simpson, Hunt, Moeller, Kirby, Cooper, Chase, Wood, Miloscia, Shabro, Hudgins, Kenney, Conway, Kagi and Dickerson.

Brief History:

Committee Activity:

Education: 2/3/03, 2/10/03, 2/19/03 [DPS].

Brief Summary of Substitute Bill

- Authorizes an eligible school district to provide a housing allowance to certificated and classified employees.
- Authorizes an eligible school district to submit to voters a levy to support a housing allowance.
- Requires the Office of the Superintendent of Public Instruction to adopt rules and administer the program.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Quall, Chair; McDermott, Vice Chair; Tom, Assistant Ranking Minority Member; Hunter, Rockefeller and Santos.

Minority Report: Do not pass. Signed by 5 members: Representatives Talcott, Ranking Minority Member; Anderson, Cox, Haigh and McMahan.

Staff: Sydney Forrester (786-7120).

Background:

In 2000 the Legislature directed the Office of Financial Management (OFM) to conduct a review of K-12 regional cost issues. The OFM's report submitted in response indicated that:

- (1) state funding formulas for salaries of school district staff do not currently recognize regional differences in the cost-of-living;
- (2) housing costs account for most of the differences in the cost-of-living among regions in Washington; and
- (3) about two-thirds of teacher households in Washington are homeowner households.

Based on data from the Economic Research Institute (ERI) the OFM estimated the differences in annual homeowner costs ranges from approximately \$8,000 in Klickitat County to more than \$42,000 in King County. The median annual teacher homeowner cost for the 1998-1999 school year was \$16,000.

The OFM review also analyzed available measures of cost-of-living, examined methods for simulating a cost-of-living adjustment by district, and discussed housing allowance implementation issues and other options.

Summary of Substitute Bill:

A school district may provide a housing allowance to non-supervisory certificated and classified staff with revenue raised by levy. A district may submit a housing allowance levy separately or as part of a maintenance and operations levy if the housing allowance levy is separately identified. The amount of housing allowance levy a district will be authorized to submit to voters will be the sum of:

Each non-supervisory employee's FTE,
multiplied by the statewide median cost of housing,
minus the district's cost of housing, *or* the cost of housing in the district in which the employee lives, *whichever is lower*.

The district's cost of housing and the statewide median cost will be determined every four years based on data collected by a nationally-recognized entity selected by the Office of Superintendent of Public Instruction (OSPI), subject to approval of the Legislature and the OFM. The difference between the statewide median cost and the district's cost is capped at 50 percent of the median. A housing allowance levy will not qualify a district for local effort assistance.

A housing allowance will not be considered part of basic education funding, will not be earnable compensation for purposes of retirement, and will not be included as salary for salary limitation purposes.

Substitute Bill Compared to Original Bill:

The substitute bill clarifies that a housing allowance levy may be submitted for a two-year or four-year period and is subject to the same percentage vote requirement as a maintenance and operations levy. A housing allowance levy shall be on real and personal property, rather than on real property only. Clarification is made that a housing allowance levy may be submitted to voters even if a maintenance and operations levy already has been submitted during the same period.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The goal of the bill is to make the teachers' salary schedule equitable. When housing costs vary so much around the state, a teacher salary looks a lot different if one is living in a high housing cost district. All other states have multiple salary schedules. Capping the amount of the allowance should prevent a flood of teachers going to the high housing allowance districts.

High housing costs are a significant factor in the high cost of living in some school districts. Some districts are finding it increasingly hard to retain teachers because the housing costs in the district are prohibitive on a teacher's salary. Teachers are moving away after four or five years because they can't afford to buy a home and live in the district in which they teach. These teachers are going to other parts of the state or to other states where they can afford housing costs on a teacher salary.

In the absence of a housing allowance, the unequal housing costs across the state create an inequity. A housing allowance would remove the inequity and restore a level playing field. Classified staff comprises half the school workforce and would benefit greatly by a housing allowance. Having teachers and classified staff live in the district in which they teach has many community benefits.

The issue has been studied enough. There isn't a solution that will solve all the problems at once. Local districts are already funding many things that are considered basic education while housing costs are continuing to rise. It is the state's responsibility to resolve this issue, but with the great deficit and timing, teachers can't wait. Districts are concerned about all students meeting high standards when teachers keep leaving. The need to retrain new teachers year after year when teachers keep leaving affects the districts' ability to meet the Essential Academic Learning Requirements (EALRs). By allowing district's to ask local voters to support a housing allowance you will enable

many districts to attract and retain quality teachers and will correct an inequality in our system that affects student learning.

Testimony Against: Lack of affordable housing has been an issue in Washington since 1990. The housing cost issues need to be addressed. A housing allowance levy is not the way to fix the problem. A study of the problem and possible solutions should precede an attempt to fix it. Housing cost issues and needs are significant across the state, in rich and poor areas alike. This approach would create greater inequity in rural and suburban districts that are property poor and unable to raise levy money. Over time, teachers will be drawn away from property poor districts that cannot provide a housing allowance, to property rich districts that can provide a housing allowance.

It is the state's duty to provide full for the cost of hiring and retaining teachers; that duty should not be pushed off to local districts. The initial *Doran* decision came about during a time of escalating levy authority. The second *Doran* decision specifically says that the state cannot rely on local funds generated by special levies to fund basic education. To increase teacher compensation through special levies is in direct violation of the *Doran* decisions.

At some point, those districts who now want to support the housing allowance levy are going to say they can no longer afford it. We are concerned about establishing a statutorily defined link between periodic voter approval and teacher compensation. To avoid another chapter in school funding litigation, the state should recognize its responsibility and choose to employ unused capacity in state property tax authority to fund a system to equalize pay and address the regional cost-of-living differences.

Testified: (In support) Representative Ruderman, prime sponsor; Representative Tom, sponsor; Charles Hasse, Washington Education Association; Dave Westberg, AFL-CIO Stationary Engineers; Mike Riley, Judy Bushnell, Bellevue School District; Zoe Pilgrim, Seattle School District; Ken Crawford, Bainbridge Island School District; Kathy Linderman, Leslie Austin, Dean Mack, Issaquah School District; Ken Glass, Mercer Island School District; Doug Nelson, Public School Employees; Ellie Menzies, Service Employees International Union, Local 925; Kim Herman, Bellevue Resident; and Randy Parr, Washington Education Association.

(Opposed) Rainer Houser, Association of Washington School Principals; Neil Kirby, Edison Elementary School; Megan Atkinson, Office of Superintendent of Public Instruction; Trent Matson, Building Industry Association of Washington; Barbara Mertens, Washington Association of School Administrators; and Dan Steele, Washington State School Directors Association.