

# SENATE BILL REPORT

## 2ESSB 5895

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As Passed Senate, June 9, 2013

**Title:** An act relating to education funding.

**Brief Description:** Funding education.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove).

**Brief History:**

**Committee Activity:** Ways & Means: 4/03/13, 4/04/13 [DPS, DNP, w/oRec].

Passed Senate: 4/23/13, 25-23.

**First Special Session:** Passed Senate: 6/09/13, 25-20.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5895 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Bailey, Becker, Braun, Dammeier, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

**Minority Report:** Do not pass.

Signed by Senators Nelson, Assistant Ranking Member; Conway, Fraser, Hasegawa, Hatfield, Kohl-Welles, Murray and Ranker.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Keiser.

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

**Background:** First enacted in 1993 by Initiative 601, the state expenditure limit allows expenditures from the state General Fund to grow each fiscal year by the fiscal growth factor, which is the average annual growth in state personal income over the prior ten fiscal years.

The Education Legacy Trust Account was established by the Legislature in 2005 to receive dedicated tax revenues to support the K-12 school system, increase higher education enrollments and financial aid, and provide for other educational improvements.

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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.*

**Summary of Second Engrossed Substitute Bill:** The state expenditure limit applies to the state General Fund and three related funds – the Education Legacy Trust Account, the Pension Funding Stabilization Account, and the Washington Opportunities Pathways Account, which is used for higher education financial aid programs. For the period from July 1, 2015, through July 1, 2023, the fiscal growth factor is the average of the sum of inflation and population change for each of the prior three fiscal years. For this period, the state expenditure limit does not apply to:

- state allocations to school districts;
- appropriations to state colleges and universities and state higher education financial aid programs;
- early learning programs;
- court rulings imposing new state costs;
- expenditures of extraordinary revenue growth to the extent that the revenue is not deposited into the Budget Stabilization Account; and
- appropriations for extraordinary growth in state entitlement programs, excluding new entitlement programs, expanded entitlements, and expanded Medicaid under the federal Affordable Care Act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect if approved by the voters at the November 2013 election.

**Staff Summary of Public Testimony:** CON/OTHER: Lowering the state debt limit will restrict capital budget expenditures and limit the opportunities to make investments in natural resource projects that drive the economy of the state. The Debt Commission was recently created and has already addressed these issues in a comprehensive way. There is no need to revisit the level of state debt. This proposal will freeze very worthy environmental programs, including Puget Sound cleanup, clean water programs, and public works projects. Critical infrastructure programs need a dedicated revenue source, and these revenues should not be diverted to K-12 programs. K-12 education should not be funded at the expense of other programs. The Public Works Assistance Account has more than \$1 billion in pending applications for water, sewer, and other projects. This will stifle the development of new residential housing. Federal funds are not available for many of these projects.

**Persons Testifying:** CON/OTHER: David Ducharme, Utility Contractors Assn. of WA; Stan Bowman, American Institute of Architects WA Council; Van Collins, Associated General Contractors; Scott Hildebrand, Master Builders Assn. of King and Snohomish Counties; Bill Clarke, WA Public Utility Districts Assn.; Scott Hazlegrove, WA Assn. of Sewer and Water Districts; Ramonda Gattendorf, WA State Parent Teacher Assn.; Sandi Swarthout, Puget Sound School Coalition; Darcy Nonemacher, WA Environmental Council, Bill Robinson, The Nature Conservancy; Majken Ryherd, WA Wildlife and Recreation Coalition.