
Appropriations Committee

ESB 5650

Brief Description: Concerning salary inflationary increases for K-12 employees.

Sponsors: Senators Rolfes, Robinson, Kuderer, Nguyen, Saldaña, Valdez and Wellman.

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| <p>Brief Summary of Engrossed Bill</p> <ul style="list-style-type: none">• Changes the inflationary adjustment index for state salary allocations. |
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Hearing Date: 3/16/23

Staff: James Mackison (786-7104).

Background:

State Salary Allocations.

The state's statutory program of basic education includes statewide salary allocations necessary to hire and retain qualified staff. To allocate salaries, the Legislature defines salary allocations for Certificated Instructional Staff, Certificated Administrative Staff, and Classified Staff generated by state prototypical school funding formulas.

Annually, an inflationary adjustment is applied to state salary allocations. Inflation for a school year is defined as the Implicit Price Deflator (IPD) for that fiscal year, which is published by the United States Department of Commerce's Bureau of Economic Analysis. The IPD is a commonly used measure of inflation, another being the Consumer Price Index (CPI) published by the United States Bureau of Labor Statistics. Inflation can be measured over multiple time periods, and in the case of the CPI, over multiple geographic areas.

Funded inflationary increases are included in the salary base to determine inflationary increases

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in subsequent years. In the operating budget, funded increases are based on a projected IPD. For example, the projected IPD for fiscal year 2020 was budgeted for the 2020 (i.e. 2019-20) school year. The 2022 Supplemental Operating Budget provided a rebased inflationary adjustment of 5.5 percent for salary allocations and operating costs in the 2022-23 school year, which was higher than the IPD for fiscal year 2023.

Summary of Bill:

The inflationary adjustment index used for state salary allocations is revised. The new adjustments are:

- 3.7 percent in the 2023-24 school year; and
- beginning in the 2024-25 school year, the IPD for the previous calendar year as of the beginning of the school year.

Appropriation: None.

Fiscal Note: Available.

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