

FINAL BILL REPORT

I 732

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Synopsis as Enacted

Brief Description: Annual cost-of-living increase for K-12 teachers and other school employees and for community and technical college faculty and other technical college employees.

Sponsors: By People of the State of Washington.

Background: Prior to the passage of Initiative 732, cost-of-living salary adjustments were provided for state-funded K-12 public school employees and higher education employees at the discretion of the Legislature within the state biennial operating budget. Not all K-12 public school employee salaries are funded by the state. Some employees are funded from federal and local dollars.

Summary: Beginning in the 2001-02 school year, Initiative 732 requires an annual cost-of-living increase for:

- All K-12 school employees including school district superintendents, school principals, teachers, librarians, security staff, custodial staff, food service staff, bus drivers and office staff.
- Community and technical college faculty including teachers, counselors, librarians and department heads but not administration.
- Technical college classified employees including teaching assistants, lab technicians, security staff, custodial staff, food service staff, business services staff and office staff.

The cost-of-living adjustment is based on the previous calendar year's annual average Seattle Consumer Price Index (CPI). Based on the November 2000 state economic forecast, this requires a 3.7 percent cost-of-living increase in the 2001-02 school year and 2.6 percent for the 2002-03 school year.

NOTE: To determine the inflation rate, the initiative requires use of the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for the state of Washington.— However, the only available BLS index reflecting cost of living changes in the state is the Seattle-Tacoma-Bremerton CPI, which covers six counties: King, Pierce, Snohomish, Kitsap, Thurston, and Island counties.

Calculation of the Increase. Initiative 732 specifies how the state must calculate the K-12 portion of the increase: The state must apply the increase in the cost-of-living index to any state-funded salary base used in state funding formulas.

Distribution of the Increase. School districts and community and technical colleges must distribute state allocations for the cost-of-living increases in accordance with the local salary schedule, collective bargaining agreements, and local compensation policies.

Certification of the Increase. School districts and community and technical colleges must certify that the money allocated by the state for the cost-of-living increase is spent for salary increases and salary-related benefits. Salary-related benefits include the salary-based contributions to the state retirement plans and to Social Security.

Fiscal Impact. For the 2001-03 biennium, the cost of providing a cost-of-living increase for K-12 employees in the state-funded salary base is \$318 million. For K-12 employees in the non-state funded salary base, the cost is \$108 million. The estimated total cost of providing a K-12 cost-of-living increase for all K-12 employees is \$426 million.

For the 2001-03 biennium, the cost of providing a cost-of-living increase for community and technical college staff covered under the initiative in the state-funded salary base is \$24 million. For community and technical college staff in the non-state funded salary base, the cost is \$7 million. The total cost of providing a cost-of-living increase to community and technical college staff covered under the initiative is \$31 million.

The 2001-03 combined cost of providing a cost-of-living increase for K-12 employees and community college and technical college staff covered under the initiative in the state-funded salary base is \$342 million. The combined cost of providing a cost-of-living increase for K-12 and community and technical college employees not in the state-funded salary base is \$115 million. The total cost for state and non-state funded employees is \$457 million for the 2001-03 biennium.

Effective: December 7, 2000