Washington Research Council

Policy Brief

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The Drag of Unfunded Commitments

Briefly

Legislators should end—rather than temporarily suspend—programs that are neither essential nor sustainable. Initiatives 728 and 732 and Paid Family Leave are examples of significant programs that have been suspended but that will come back into play in future biennia.

Deferred spending magnifies projected budget shortfalls.

During the special session late last year, the legislature took initial steps to address a $2 billion budget shortfall for 2011–13. An immediate focus for the current session is to complete that work. In doing so, the legislature should also consider how its choices would affect future budgets. The next biennium poses serious challenges: By the end of 2013, Washington employment will be nearly 50,000 jobs below the pre-recession peak, there is a high downside risk to the current outlook for the economy, and intense spending pressures in education, health care, pensions and other areas will continue unabated.

Deferred spending magnifies projected budget shortfalls. When a program is simply suspended in one biennium, it is included in the maintenance level of the budget for the next biennia, inflating the problem that must be solved in the out years. To help restore long-term budget stability, lawmakers can, in the current session, end—rather than temporarily suspend—programs that are neither essential nor sustainable.

For the 2011–13 biennium, the legislature suspended—not ended—three programs whose costs return in the budget base in coming biennia: Initiative 728, Initiative 732, and Paid Family Leave.

Table 1: Near General Fund–State Effects (Dollars in Millions)

Program	2011-13 Savings	2013-15 Estimated Cost	2015-17 Estimated Cost
I-728 (Student Achievement Program)	(860.7)	922.0	
I-732 (Salary COLAs)	(295.6)	242.0	
Total	*(1,156.3)*	*1164.0*	
Paid Family Leave	(33.2)	--	59.9

Initiative 728

For 2013–15, Initiative 728 adds nearly $1 billion in projected expenditures (see table 1). The initiative was approved by the voters in November 2000, without dedicated funding at a time when the budget showed surpluses. It created the student achievement fund, a major expansion of the Better Schools program created earlier that year by the legislature. Better Schools was funded in the 2000 supplemental budget at $57.5 million. It provided $37 million to school districts in additional staff allocations for class size reduction and extended learning activities, and $20 million more for professional development for certificated and classified staff.

I-728 spent more money in a less targeted way. It provided flat, per-pupil allocations to school districts, beginning at $194 per full-time equivalent pupil in the 2001–02 school year and ramping up to $450 per pupil in school year (SY) 2004–05. When it reached that level, the per-pupil allocation was to be increased each year by inflation.

While I-728 is commonly referred to as the "class size initiative," class size reduction is not the only eligible use for the funding and is given no priority in the law over any other. Under the initiative, I-728 allocations may be used for the following purposes by districts:

- To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new staff;
- To make selected reductions in class size in grades 5-12;
- To provide extended learning opportunities to improve academic achievement in grades K-12, including, for example, extended school year, extended school day, special tutoring programs, summer school, and all-day kindergarten;
- To provide additional professional development for educators, including, for ex-

- ample, additional paid time for curriculum and lesson redesign, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs;
- To provide early assistance for children at pre-kindergarten age; and
- To make improvements to school facilities directly related to class size reduction and extended learning.

Districts must present a plan each year for the proposed use of student achievement funds in the next year. They also report to citizens and the Superintendent of Public Instruction (OSPI) on how the funds were used in the prior year, together with "the progress the district has made in increasing student achievement, as measured by required state assessments and other assessments deemed appropriate by the district" (RCW 28A.505.210).

I-728 Funding

I-728 did not include a source of new revenue to support its mandated expenditures, which, at the time it was on the ballot, were projected to be $1.7 billion over six years. Instead, the program was to be funded by transferring a portion of the surplus from the state general fund, state property tax levy, and state lottery revenues to the new student achievement fund, in whatever amount necessary to pay for each year's per-pupil allocation. In other words, the money came out of the general fund.

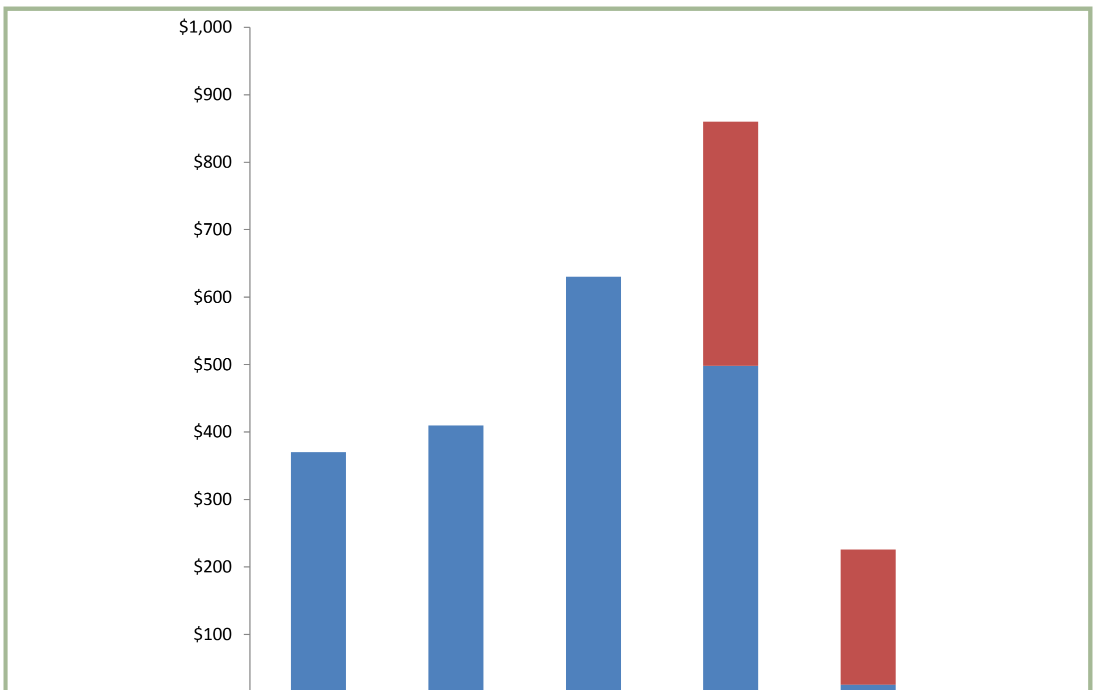
It took only a few years and a recession for the surplus to disappear and the initiative's cost to exceed the state's capacity. Facing a 2003–05 budget shortfall of about $2.7 billion, the 2003 legislature amended I-728 to block the scheduled allocation increase from $212 per pupil for SY 2003–04 to $450 for SY 2004–05 (ESSB 6058). The amount was instead set at $254 per pupil for the 2004–05 school year, saving $237 million in the biennium. (Note: After two years, the legislature can amend ballot initiatives with a simple majority vote.)

I-728 allocations were then provided according to law through 2009. Per-pupil allocations climbed from $254 for SY 2004–05 to $458 for SY 2008–09. Spending on the program rose from $175 million in fiscal year (FY) 2002 to $423 million in FY 2008. By then the student achievement fund accounted for such a significant portion of the public schools budget area that it was surpassed only by general apportionment and special education, two core parts of the state's basic education program.

When budget troubles again set in with the financial crisis of fall 2008, the legislature first reduced and then suspended I-728 allocations. Faced with a three-year budget problem of about $9 billion, the 2009 legislature used $362 million in federal fiscal stabilization funds, part of the aid that came to the state under the American Recovery and Reinvestment Act of 2009, to replace state funds for I-728 in FY 2009 (part of the 2009 supplemental). Then, in the 2009–11 budget, the legislature reduced state funding for I-728 by $800 million, partially offsetting that with $200 million in fiscal stabilization funds, for a net reduction in the program of $600 million. (This reflects allocations of $131 for SY 2009–10 and $99 for SY 2010–11.)

The legislature also eliminated the student achievement fund, consolidating it with the general fund through legislation in 2009 (ESSB 5073). This had the benefit of making the source of funding for the program more transparent. What was previously the student achievement fund is now

Chart 1: I-728 Funding
(Dollars in Millions)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Federal Stimulus	$0	$0	$0	$362	$200	$0
Near General Fund-State	$370	$410	$630	$498	$25	$0

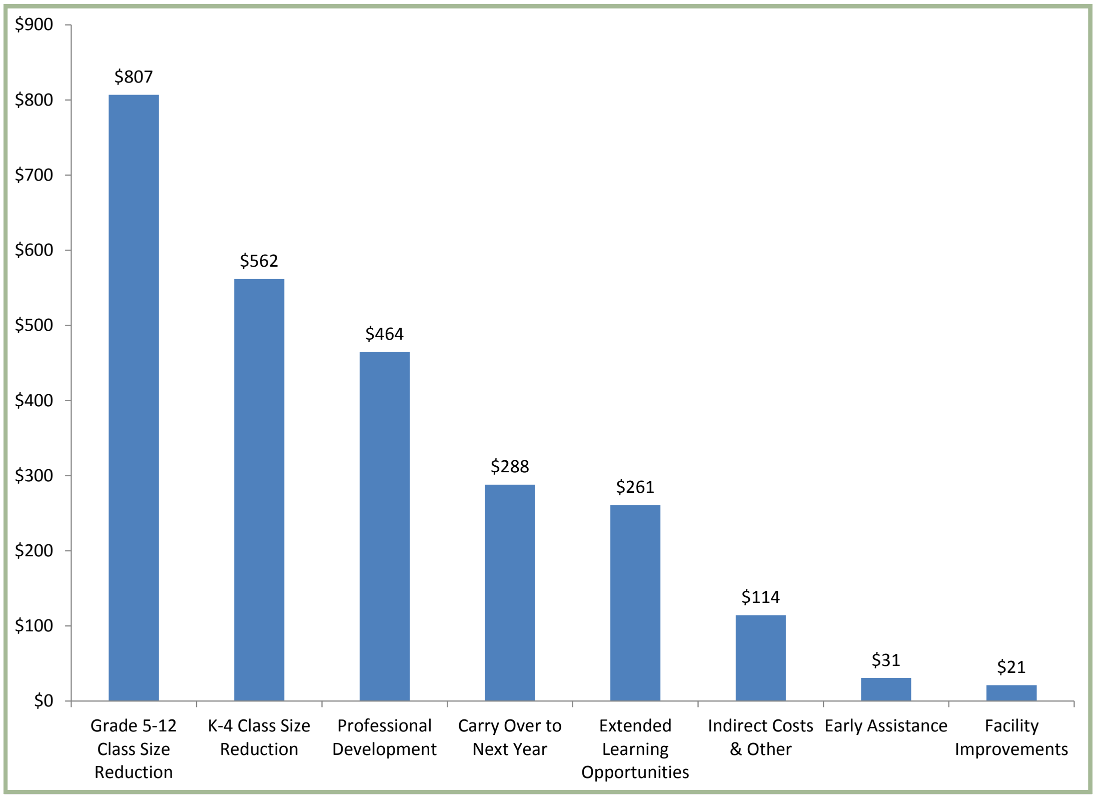


Chart 2: School District Expenditures of I-728 Distributions, SY 2001–02 through SY 2009–10 (Dollars in Millions)

simply the student achievement program, one of the several non-basic education programs in the public schools share of the budget.

As part of the 2010 supplemental budget, the legislature, with yet another large budget gap to close, eliminated the general fund amount originally appropriated for FY 2011. Per-pupil allocations for the 2010–11 school year were reduced from $99 to zero.

I-728 allocations are suspended for the 2011–13 biennium for savings of $861 million. Every budget proposal offered last spring included this reduction. Some of the 2011–13 savings result from a requirement in prior law that per-student allocations, when resumed, would return to the amounts they would have been, adjusted for inflation, had the payments not been suspended during the 2009–11 biennium. HB 1131 eliminated that "catch-up" provision.

Because I-728 is suspended for the two years of the current biennium, but not eliminated, it will become a spending obligation again in 2013–15. In a six-year outlook released in December 2011, the Office of Financial Management (OFM) estimates distributions to school districts of $403 million in FY 2014 and $519 in FY 2015, for biennial costs of $922 million.

I-728 Expenditures

The annual I-728 reports submitted to OSPI provide information from each school district on how it has spent its student achievement fund distribution for that year. Only about half of the money has been used for class size reduction. Of the $2.8 billion spent by districts from SY 2001–02 to SY 2009–10, the largest amount went to class size reduction in grades 5-12 ($807 million), followed by K-4 class size reduction ($562 million) and staff professional development ($464 million). Significant amounts were carried over each year to the next year. In other words, I-728 was used to build district fund balances.

In SY 2008–09 (the last year for which there was an unreduced allocation), the largest use was for grades 5-12 class size reduction (36 percent of total), followed by professional development (20 percent) and K-4 class size reduction (18 percent). Districts carried over 10 percent of funds available that year to the next year. (See chart 3.)

I-728 Discussion

I-728 provides large allocations of general fund money to local school districts for very flexible uses—when the state is in a position to fund it. It is prized by districts and popular among advocates of greater school spending. It is also, however, a commitment that the state can no longer afford and one that is inconsistent with the legislature's evolving approach to basic education financing—an approach that comes with substantial new commitments and ongoing supervision from the state supreme court.

From the present vantage point, it is difficult to see how the state can resume funding of I-728 in the next biennium, cover greatly increased funding obligations for basic education, and meet other essential budget responsibilities without a massive infusion of new revenue far beyond any of the tax proposals currently under consideration. The state budget office's outlook for the 2013–15 biennium, which makes moderate assumptions about revenue growth and very conservative assumptions about spending beyond the level projected to be needed to maintain current services, indicates a general

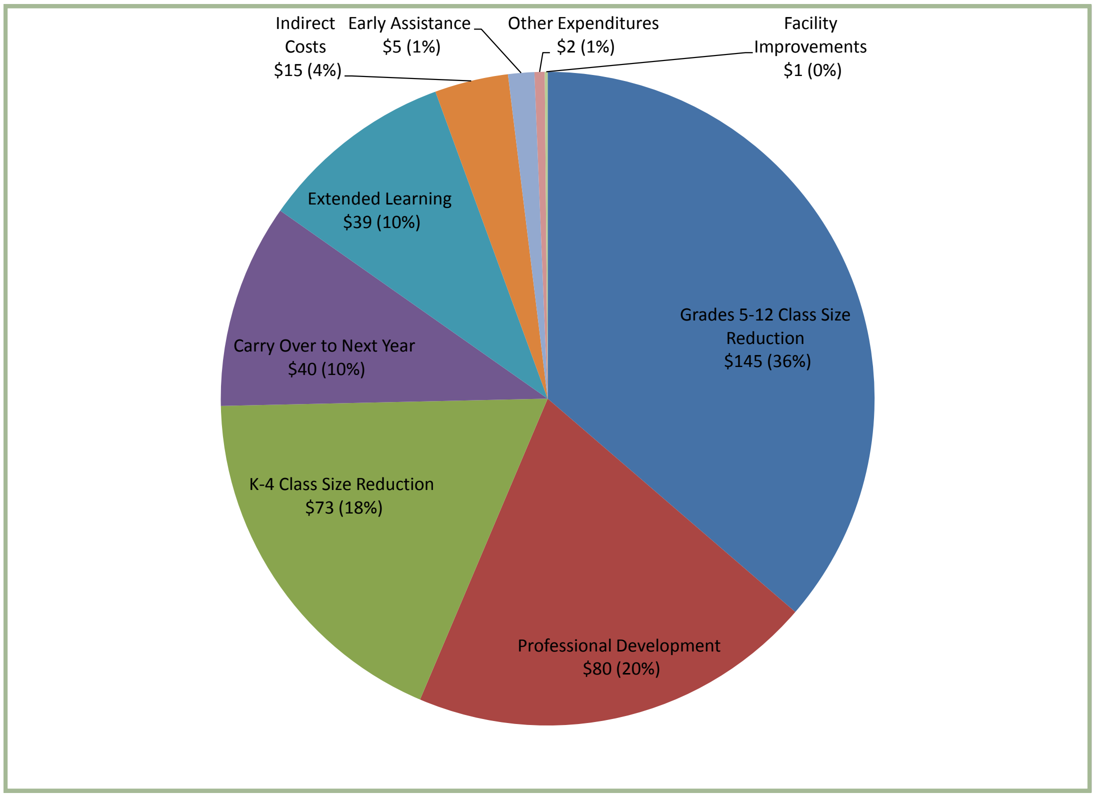


Chart 3: School District Expenditures of I-728 Distributions by Use, SY 2008–09 (Dollars in Millions)

fund shortfall of $891 million. (I-728 is estimated to cost $922 million in 2013–15.)

Further, I-728 must be considered in the context of ESHB 2261 (2009) and SHB 2776 (2010). The 2009 bill revised the definition of the state's constitutionally required program of basic education and distributions to school districts. The 2010 bill set in law new funding formulas for the expanded definition of basic education.

Like I-728, SHB 2776 was enacted without new revenue to support the large new spending commitments it created. The fiscal note to SHB 2776 as passed indicates additional costs of $2.6 billion from 2009–11 through 2013–15. The 2011 legislature, struggling to close a projected $5.9 billion budget gap, funded just $111 million of the $765 million that the fiscal note assumed would be paid in 2011–13. This leaves, according to OFM, $1.0 billion to be paid for in 2013–15 and $2.4 billion in 2015–17 if the legislation is to be fully implemented, on a phased-in schedule, by the 2017–18 school year. Accomplishing this would be a challenge under any circumstances. Accomplishing it in conjunction with I-728, itself commanding more than $2 billion in resources over the next four years, makes it much more difficult.

The state supreme court's January 2012 decision in *McCleary* v. *State of Washington*, that the state has not fulfilled its duty to make ample provision for children's education, did not change the state's basic education funding law, but it made its timely implementation the more imperative. Though its outcomes remain uncertain as of this writing, the ruling clearly makes it more difficult for the legislature to retreat from the commitments it made in ESHB 2261 and SHB 2776—making continuation of I-728 even less attainable. Further, SHB 2776 represents basic education spending—I-728 does not.

The state is hard-pressed to pay for basic education and needs to make every dollar count to improve student performance. I-728 should be repealed, not just deferred. The resources it would have commanded should be redirected to meeting the state's new funding responsibilities for basic education.

Initiative 732

I-732 was the second major education initiative passed in the heady days of fall 2000. As I-728 is known as the class size reduction initiative, I-732 is known as the teacher salary initiative, though its provisions cover all K-12 employees, as well as certain community and technical college employees. Like I-728, I-732 was accompanied by no new funding to support the required expenditures.

I-732 required, beginning with the 2001–02 school year, district employees be provided an annual cost-of-living increase (or COLA) in salary as a matter of law. Each district is required to distribute the salary increases and any salary-related benefits in accordance with the district's salary schedules, collective bargaining agreements and other compensation policies. The increases are included in the salary base used to determine COLAs in subsequent years (RCW 28A.400.205). The initiative directed that the same annual COLA for public school employees be provided for academic employees of community and technical colleges and classified employees of technical colleges (RCW 28B.50.465 and .468).

Because of the way the initiative directed the COLA be calculated, the governor and legislature determined that the state had an obligation to fund the salary increases only for employees supported by state formula allocations. They did not, therefore, provide funding in the 2001–03 budget for increases for employees supported by local and federal funds. (The state had never previously paid for salary increases for K-12 employees not funded by the state.)

School employee groups and others filed a lawsuit challenging this interpretation, insisting that when the Voters' Pamphlet stated that, "The measure would provide automatic cost-of-living increases each year to all school district employees," it correctly expressed the voters' intent, and that the state had to ante up for the raises for all employees, whether state-funded or not. In December 2002, the state supreme court, in *McGowan v. State of Washington* (No. 71947-1), found for the plaintiffs, ruling that the initiative required the state to pay for the salary increases for all school district staff, regardless of the source of funding for their base salaries.

Crucially, however, the court invalidated the portion of I-732 asserting that the COLAs are within the definition of basic education. The court found that an annual cost-of-living increase in salary lacked the "substantive content" of a "basic program of education" as defined in the landmark school funding decision of 1977 commonly called *Doran I.*

This ruling by the court that I-732 COLAs were not within the state's constitutional obligation for basic education cleared the way for 2003 legislation amending the initiative to align it with the governor's and legislature's original interpretation of its funding requirements. SB 6059 eliminated the provisions in I-732 that declared the COLAs "basic education," codifying *McGowan*, and removed the language directing the state to fund the increases for all staff rather than just those included in state formula allocations. Because the COLAs were not basic education, the state, coping with a large budget shortfall, was also able to suspend them for the 2003–05 biennium. It was only the first time that I-732 salary increases would be suspended due to lack of funds.

Table 2: Legislative Decisions on K-12 Salaries

School Year	Salary Policy
2001-02	3.7 percent for all state-funded staff per I-732.
2002-03	3.6 percent for all per I-732.
2003-04	I-732 suspended. Increases of 3.0 percent to 0.5 percent granted, varying inversely with years of service, through year seven, for certificated instructional staff. No increases for administrative or classified staff.
2004-05	I-732 suspended. Increases of 3.0 percent to 0.5 percent, varying inversely with years of service, through year seven, for certificated instructional staff. 0.5 percent increase provided for classified staff.
2005-06	1.2 percent for all per I-732.
2006-07	2.8 percent for all per I-732. Additional 0.5 percent "catch-up" increase for suspension of I-732 in 2003-05, for total 3.3 percent increase.
2007-08	3.7 percent for all per I-732. Additional increases for certificated instructional staff to reduce the number of districts "grandfathered" at higher base salaries.
2008-09	2.8 percent for all per I-732.
2009-10	I-732 suspended. No increases.
2010-11	I-732 suspended. No increases.
2011-12	I-732 suspended. Salary allocations are reduced by 1.9 percent for certificated instructional and classified staff, and by 3.0 percent for administrative staff.
2012-13	I-732 suspended. Salary allocations are reduced by 1.9 percent for certificated instructional and classified staff, and by 3.0 percent for administrative staff.

I-732 Funding

When they have had the money, lawmakers have funded I-732. When they have not, they have amended the law to eliminate the requirement for the budget period at hand. In the 11 years since its passage, the legislature has funded I-732 COLAs in six years. In other years, it suspended the COLAs and substituted its own salary policy.

Table 2 summarizes the legislative decisions on K-12 salaries since I-732 became effective in SY 2001–02. Clearly, the condition of state finances and the views of policy makers have had as much to do with salaries in any year as have the dictates of the initiative.

I-732 Results

The legislature funded salary increases even before I-732—when budget circumstances permitted. For FY 1991, for example, the legislature funded an 8.1 percent increase for certificated instructional staff and 4.0 percent increase for classified staff. For FY 1992, lawmakers increased salaries by 4.0 percent for all staff. For FY 1993, they increased salaries by 3.0 percent for all staff. The 1995 legislature provided a 4.0 percent increase for FY 1996, at a time when inflation was about half that. The 1997 legislature funded 3 percent increases.

In 1999, the year before I-732 went to voters, the legislature spent $338 million for a variety of salary increases for K-12 employees. These included:

- Increases for beginning teachers ranging from 7 percent in year one of service to 2

percent for teachers in year five. Combined with other increases, the beginning teacher salary would rise 15.4 percent by the 2000–01 school year.
- A new increase for senior teachers by adding a 16th row for experience to the state's salary allocation schedule, worth an additional 2 percent. (Up to then teachers received "step" increases for experience through year 15.)
- Across-the-board, 3.0 percent increases for certificated, administrative and classified staff in each year of the biennium.

The 1999 legislature also funded three additional contract days for certificated instructional staff at about $75 million. This additional compensation, intended for time spent in activities related to education reform, went into the salary base for calculation of future increases in pay.

The post-Initiative 732 era has not been so different for school employee compensation from the time before. Both before and after the initiative, the governor and legislature funded K-12 salary increases, especially for teachers, when they could do so while meeting core budget obligations such as basic education, pension funding, and mandatory Medicaid.

For budget writers, however, the post-Initiative 732 era has been very different, as each decision not to fund across-the-board raises for public school employees requires passing legislation to amend the law. Initiative 732 is assumed in the base of the budget, so suspending it registers as a big budget cut. I-732, as an entitlement, added $388 million to the projected budget problem for 2009–11, and $301 million to the projected gap for 2011–13. The $266 million reduction in the current biennium for suspension of I-732 (lower than first projected because of a lowered inflation forecast) was exceeded in the K-12 budget area only by savings from suspension of I-728 ($861 million) and Plan 1 pension reform ($276 million). (The $295.6 million savings cited in table 1 includes the effects of I-732 on the higher education share of the budget.)

The 2011–13 savings from suspension of I-732 were inflated by language in a 2009 bill (SHB 2363) that, while suspending I-732 for the biennium, directed that COLAs not funded in 2009–11 would be "caught up" in the ensuing biennia by adjusting state salary rates such that, by the 2014–15 school year, salaries used in state allocation formulas would be at least what they would have been had the COLAs not been suspended. 2SHB 1132 (2011), suspending the COLAs for 2011–13, eliminated that "catch-up" provision.

It is useful to remember that legislatively-authorized, across-the-board increases are not the only means for salary progress by classroom teachers and other certificated instructional staff. They progress down the state's salary allocation schedule for each year of experience and across it for additional education credits or degrees. There are 16 experience steps and nine education steps. The financial value of each step varies by step, the average being about 3 percent. In the 2010–11 schedule, for example, a teacher in her fifth year of service with a Bachelor's degree would receive a 4 percent increase in base salary for moving to year seven and adding 15 credits to the B.A. If she earned a Master's degree, the increase would be 20 percent. More than half of teachers receive step increases in a typical year.

I-732 Discussion

Unlike I-728, it is difficult to estimate total costs of I-732 to the budget since its passage 11 years ago, because it is highly probable the legislature would have funded K-12 salary increases in some of those years, with or without the initiative. The total costs of I-732 are less important, however, than the policy challenges it creates and the amount it will cost in the future if it is left on the books.

The implications for both budget policy and compensation policy are considerable. First, I-732 reduces the discretion of the legislature in writing the budget. I-732 statutorily cordons off hundreds of millions in spending before budget deliberations begin. The legislature should be free to make policy on K-12 salaries in each budget, as part of the broader priority-setting process.

Second, I-732 is inequitable as state compensation policy. A labor organization representing non-education employees argued in opposition to I-732 in 2000 that to place in law the presumption that every school district employee, regardless of job duties, was more deserving of a salary increase than any state employee, regardless of job duties, was unfounded and unfair. They had a point.

Third, I-732 widens disparities among districts in state-funded salaries. Twelve school districts are currently "grandfathered" at higher base salaries for certificated instructional staff than all other districts. This is a legacy of the higher salaries these districts were paying when the state took responsibility for basic education and put the funding formula in place in 1977. The gaps in state-funded salaries range from less than a percentage point in Seattle to 4.8 percent in Orondo and 5.0 percent in Everett, with no particular rhyme or reason. There are also wide disparities in salary allocations for administrators, and lesser ones for classifieds. Every across-the-board increase granted over the years compounded the inequities, because the same percent raise was applied to differing bases. The 2007 legislature spent $45 million to reduce salary grandfathering of certificated instructional staff and $19 million to reduce gaps in allocations for administrative and classified staff, but there is a long way to go. The Compensation Technical Working Group of the Quality Education Council, created by ESHB 2261 in 2009 to oversee development of the state's new basic education funding structure, is charged with recommending "ways to accomplish salary equalization over a set number of years" (RCW 28A.400.201). Clearing I-732 out of the way would help.

Fourth, I-732 impedes reform of teacher compensation. Dissatisfaction with the traditional uniform salary schedule, which pays teachers in lockstep based on experience and education credits, has risen to something like a critical mass. The perception is strong and wide that the old, industrial compensation model ill-serves both educators and students, and is simply out of synch with the demands placed on our schools by the 21st century economy. As a 2008 report from the University of Washington's Center on Reinventing Public Education begins, "There is a growing chorus in education policy for rewarding teachers for things such as raising student achievement, taking on difficult teaching assignments, and having special skills (e.g., a mathematics degree)." I-732, by mandating uniform increases for all teachers, regardless of skills, market demand and performance, entrenches the old model.

The state has an obligation to pay salaries sufficient to recruit and retain a quality teaching workforce. Administrators are key change agents in school improvement, and we need to offer the salaries it takes to attract talent to those positions. I-732 should be repealed, lifting the burden of an entitlement to automatic, indexed salary increases, and returning authority for K-12 compensation decisions to elected officials, where they belong.

Repealing I-728 and I-732 would be beneficial from the standpoints of both education and budget policy.

Paid Family Leave

While Initiatives 728 and 732 are programs approved by voters that have occasionally been funded, paid family leave was legislatively enshrined and then never implemented.

E2SSB 5659, which established family and medical leave insurance, passed in the 2007 legislative session along mostly partisan lines. The state already had a family leave law that conformed closely to federal law. Pursuant to federal law, eligible employees are entitled to take up to 12 weeks of unpaid leave in a 12-month period for certain family and medical reasons and to be reinstated, on return, to their original or equivalent jobs. The state law also entitled employees to leave for sickness or temporary disability related to pregnancy or childbirth. E2SSB 5659 went far beyond the federal or state laws, establishing (effective October 1, 2009) a new program of partial wage replacement for persons unable to perform their regular or customary work because of the birth of a child or the placement of a child with the employee for adoption.

Washington's paid family leave law has the following major benefit provisions:

- An individual is entitled to benefits if he or she has worked 680 hours in employment covered by unemployment compensation during either the first four of the last five quarters or the last four calendar quarters completed before beginning family leave.
- The amount of the benefit is $250 per week for a person who was regularly working 35 or more hours per week and is on leave for the same number of hours. Benefits are prorated if working fewer than 35 hours per week, or taking fewer hours of leave than he or she was regularly working.
- There is an entitlement to benefits for a maximum of five weeks in an application year.
- To be entitled to be reinstated in the same or equivalent job at the end of leave, the individual must have worked for an employer with more than 25 employees for at least 12 months, and worked at least 1,250 hours over the previous 12 months.
- Leave must be taken concurrently with leave under other laws, including the federal family and medical leave act.

As enacted, the bill did not provide a funding mechanism, but the legislature did appropriate $18 million for the initial administration of the program. Additionally, the bill established a joint legislative task force on family leave insurance to study the establishment of a paid family leave insurance program. The task force was to report its findings and recommendations, "which shall include recommendations as to the specific manner in which the benefits and the administrative costs shall be financed," to the legislature by January 1, 2008.

The task force did not agree on a source of funding for paid family leave. Instead, they recommended, in their final report, that "The General Fund-State should be the source used to finance benefits and administrative costs during the first two biennia of the family leave insurance law."

As a practical matter, the recommendation was no recommendation at all. The benefit is established in law as an entitlement; in lieu of a dedicated funding source, the funds must come from the state general fund.

The language of E2SSB 5659 leaves little question about the entitlement status of the benefit. Section 5 (codified as RCW 49.86.030) provides that "Beginning October 1, 2009, family leave insurance benefits *are payable* to an individual during a period in which the individual is unable to perform his or her regular or customary work because he or she is on family leave," so long as the individual meets the eligibility criteria specified in that section (emphasis added). Four members of the task force highlighted that in a minority report: "**This is clearly an entitlement benefit.** Even though it's called an insurance program, there are no elements of insurance included" (emphasis in original).

First Deferral

By the end of 2008, the budget had fallen from the robust surpluses of the previous three years into deep deficit.

SB 6158, passed in 2009, slowed implementation of the paid family leave program, delaying payment of benefits from October 1, 2009 to October 1, 2012.

The 2009–11 budget realized savings not only from suspension of the benefits (a January 2009 budget outlook included $72 million for paid family leave in a problem statement of $5.4 billion for the 2009-11 biennium), but it also saved $6.1 million from suspending development of the computer system the Employment Security Department needed for administering them.

Second Deferral

The reasons lawmakers deferred paid family leave in 2009—the absence of a funding source, a bad economy, a large budget shortfall, and weak support for the policy—led them to defer it again in 2011. As enacted, ESSB 5091 delayed the benefits for another three years, from October 1, 2012 to October 1, 2015. There was little debate: ESSB 5091 passed the senate 44-0 and the house 91-5. Enactment of ESSB 5091 results in general fund savings of $33.2 million in the 2011–13 biennium.

Table 3: Paid Family Leave Legislation

	Benefits Payable
SB 5659 (2007)	Oct. 1, 2009
SB 6158 (2009)	Oct. 1, 2012
SB 5091 (2011)	Oct. 1, 2015

Paid Family Leave Discussion

Paid family leave is a hangover from an era when revenues gushed into the state treasury from the housing bubble, budget surpluses mounted, and state government felt flush. When the program was first before the legislature, some concerns included:

- That it duplicated other benefits;
- That its administrative costs were very high compared to benefits received;
- That it inappropriately interposed a government mandate for private arrangements between employers and employees;
- That it created a middle-class entitlement subsidized by citizens of lesser means; and
- That it would discourage employment if financed by an employer tax, and be unaffordable if financed by the general fund.

These concerns remain applicable, given the state of the economy, the fragility of the "jobless" recovery, and the clouded outlook for the next budget.

Paid family leave is scheduled to go into effect in 2015. A conservative estimate of the program's costs for the 2015–17 biennium (not including startup costs) is $60 million.

Nearly five years after passage of this bitterly contested legislation, Washington remains one of only three states in the nation (along with California and New Jersey) requiring employers to give paid family leave to employees. As long as the law remains on the books, even if repeatedly delayed, it creates uncertainty for businesses hoping to hire, meaning worse prospects for those hoping to get back to work. The legislature can send a strong, positive signal to employers about the state's business climate, and relieve the state budget of a burden it cannot and should not bear, by eliminating this program once and for all.

Conclusion

Together, I-728, I-732 and paid family leave contribute to the pervasive budget problems Washington has experienced over the last several years. They have consistently been easy targets for cuts, yet they remain on the books, waiting to come back with bigger bites in subsequent biennia. Such states of suspended animation belie their low-priority status.

Additionally, the continued relevance of Initiatives 728 and 732 must be considered in the context of recent legislation making changes to basic education funding, as well as this month's Supreme Court decision that the state is not fulfilling its duty to fund basic education.

To build these programs into the base of the budget for the next biennia surely does not represent the prioritization of resources to which lawmakers must continue to be committed in the next biennium.

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