



## Senator Joseph Zarelli 18th DISTRICT

# UPDATE

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### Keep In Touch

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Dear Friends,

The Legislature wrapped up its work on April 11. We were supposed to adjourn in early March; however, it took longer because I and others were working toward not only a sustainable state budget but also reforms that will save big over the long run. I believe the extra time was well spent and encourage you to keep reading for the details.

By definition, reforms mean change – and change can be difficult. I can't think of a time when my office has received more cards and letters and e-mails and phone calls as it did this session, and most of those were directly related to reforms I and others had proposed. I value your opinions, so keep them coming; if you would like to be on my e-mail list, please send a message to [Joseph.Zarelli@leg.wa.gov](mailto:Joseph.Zarelli@leg.wa.gov) and let me know.

Thanks for reading this, and if you believe I can help with something involving state government, please let me know. It's a privilege to serve you in our state Senate.

Sen. Joseph Zarelli

### Changes to state budget aimed at long-term sustainability

The state operating budget for 2011-13 looked pretty responsible when it was adopted a year ago. Unfortunately, Washington's economy didn't improve as had been predicted. The amount of revenue coming in couldn't sustain the spending commitments, so by November a gap of around \$2 billion had opened.

I believed the Legislature could overcome this budget challenge without going straight to the tax increases proposed by the governor and some majority-party legislators. So, for the second consecutive year a bipartisan coalition formed in the Senate to negotiate with the House of Representatives toward a compromise budget. This time Republicans led the coalition, joined by moderate Democrats who – like us – were focused on producing a sustainable budget

rather than appeasing those who prefer bigger government and more spending.

In the end, we adopted a budget that closed the remaining gap without outspending available resources. I had suggested that we prioritize – or reprioritize – so that existing tax dollars are spent on the highest-priority items: things like education, and public safety, and services for the most vulnerable. That was accomplished, as our coalition succeeded in keeping funding for K-12 and higher education intact.

It took longer than I wanted to reach agreement; however, our coalition wanted to leave the Capitol with a budget that does not automatically lead to another financial crisis in 2013. From that standpoint it was worth the additional time.

## Bipartisan coalition succeeds in achieving landmark reforms

While others were calling for more revenue, I and others in our bipartisan Senate coalition said we should look first at reforming state government in ways that would make it better, smarter, more effective and less costly. That was accomplished this year, in ways that will benefit taxpayers, recipients of state services and public employees greatly in the long run.

Here are the three key reforms adopted at the insistence of the Senate coalition.

- **Pension reform:** The state's retirement systems are among the biggest cost-drivers in government, because of the contributions employers (state and local governments and school districts) make toward pensions. In previous years I've introduced legislation that would take some cost out of the system

while preserving the benefits that make public service an attractive option; this year it found broad support in the Senate.

Current employees will see no change in the pensions promised to them. However, public employees hired as of May 2013 who retire after 30 years of service but before age 65 will see a smaller monthly pension check than those who are now in the system. While this won't affect anyone until the year 2043, it will start saving money for local and state governments and school districts next year – an estimated \$1.3 billion over 25 years. (*Senate Bill 6378*)

- **K-12 employee medical insurance:** Many public-school teachers and classified staff are forced to purchase their health-care insurance



from a single carrier, through their school districts. That lack of choice is a factor in why the premiums for family-level coverage have become unaffordable for some.

Our effort to make health-care coverage more affordable for educators ran into a buzz-saw of opposition from the organizations that are behind the current system. However, the supporters prevailed, and now school districts will have to disclose expenses, reserves, fees, premium costs and so on; allow open contracting; reduce the gap between the cost of family coverage and individual coverage; and give employees access to high-deductible health plans and health savings accounts. Districts that don't comply with these standards by December 2015 will be required to join the insurance pool to which general-government employees have belonged for many years. (*Senate Bill 5940*)

- **Balanced-budget requirement:** The Legislature is good at making changes in the budget without looking at what those changes will mean in later budget cycles. Now the Legislature will have to require budgets to balance across four years, meaning the current two-year cycle plus the next two years, before they are adopted.

This requirement, thought to be the first of its kind in the nation, will force legislators to consider the long-term costs that go with their spending choices, and reduce the chance that one budget will lead to a big deficit in the next biennium. (*Senate Bill 6636*)

It's safe to say none of these reforms would have advanced if our bipartisan coalition had not taken the lead on the budget process in the Senate, and insisted that reforms move forward before we would vote on a budget.

### Important new laws coming in June

While the budget dominated the 2012 session, the Legislature took action on many fronts this year. Most legislation passed during the 2012 regular session will take effect June 7.

- **New teacher/principal evaluation system** – A big change in the K-12 arena (other than the K-12 health-care reform) came from Senate Bill 5895; it's aimed at improving student achievement through a new four-tiered teacher/principal evaluation and professional development process. This statute builds on an existing pilot program and will make student performance data a substantial factor in evaluations.
- **Discover Pass transferability** – The Discover Pass was created last year to help pay for state parks; after the bill became law it came to light that passes could not be transferred between vehicles. Early on during the regular session the Senate approved a simple measure that would have allowed holders of a Discover Pass (or a Fish & Wildlife Vehicle Access Pass) to use that pass on two different vehicles. However, the Legislature ended up approving House Bill 2373, which rolls that simple "fix" into an expansion of the "opt-out" \$5 state-parks donation to license tab renewals for snowmobiles, commercial trailers, mopeds, ORVs, private use single-axle trailers and trucks, buses and for-hire vehicles with a gross weight of less than 12,000 pounds.
- **More fraud-fighting tools** – The Legislature adopted a bill that should help the state recover tens of millions of dollars in fraudulent payments tied to Medicaid schemes; we also adopted a bill that would give the new Office of Fraud and Accountability more tools to root out the misuse of government funding in public-assistance programs, such as those connected with Electronic Benefit Transfer (EBT) cards and taxpayer-subsidized child care.

### Look for these measures on November ballot

- **Reducing the state's debt limit** – Your November general-election ballot will include Senate Joint Resolution 8221, a proposed constitutional amendment to lower the state's debt limit and therefore reduce state government's debt over time. State debt incurred through our capital budget is paid for within the state operating budget; "debt service" payments are one of the fastest-growing parts of that budget, climbing from \$970 million 10 years ago to nearly \$2 billion in the biennial budget adopted last year – that's twice the amount of money going to Washington's four-year public colleges and universities. This figure is growing and crowding out funding for other important priorities. SJR 8221 would reduce the 9% constitutional debt limit to 8% gradually.
- **Same-sex marriage** – On Feb. 13 the governor signed Senate Bill 6239, a measure legalizing same-sex marriage in Washington. The same day a measure seeking a referendum on the new law was filed with the secretary of state's office. Supporters of Referendum 74 have until June 6 to collect and submit 120,577 valid voter signatures to put the issue on the November ballot. If supporters collect and submit the signatures by the June 6 deadline the right of same-sex couples to wed, which would otherwise go into effect the following day, would be postponed until voters decide on the issue in November.