

Senator Claudia Kauffman

2010 Legislative Update



A Report to the 47th Legislative District

Spring 2010



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Dear friends and neighbors,

The 2010 special session has just wrapped up and now comes my opportunity to tell you about what we accomplished with regard to education, early learning, jobs and business development.

I am especially proud that we succeeded in passing top priority legislation to protect the Green River Valley business community from the threat of economic devastation. And we moved forward with plans to transform our public education system into one of the best in the country.

As your voice in Olympia, I worked hard to honor your wishes and act in ways that reflect the core values of the people of the 47th legislative district, even if it meant going against the status quo and powerful interests.

It is a pleasure and honor serving you. As always, I welcome your comments and questions.

Regards,

Claudia Kauffman

State Senator

47th Legislative District

Sen. Claudia Kauffman represents the 47th Legislative District, covering all or parts of Covington, Black Diamond, Auburn, Kent, Renton and Fairwood. She is vice chair for early learning on the Senate Early Learning & K-12 Education Committee and also serves on the Human Services and Corrections and Transportation Committees.

Budget

Even though the economy has stabilized a bit, sales tax revenues have not fully recovered, and this year we are faced with a \$2.8 billion shortfall, bringing the total two-year budget hole to a staggering and unprecedented \$11.8 billion.

Last year, when the recession slashed our revenues by one-fourth (\$9 billion), we made up that gap with a combination of budget cuts, one-time federal

dollars and fund transfers. This year's budget is balanced with \$755 million in cuts, reserve fund reductions, \$618 million in new federal funds and new taxes which amount to just 6.7 percent of the total two year budget shortfall.

We are seeing cuts to nursing homes, higher education, information technology, education and administrative staff reductions. *The state has now cut more*

than 10,500 employees from the payroll, frozen all salaries and created a system for unpaid furlough days.

I received many calls and emails asking me to vote against the revenue package bill, which I did. But I do support the cigarette tax to pay for essential health care programs and services struggling families in our communities need to get through the economic crisis.

"Difficult times require true leadership and courage. I will continue to fight for the issues you care about and represent your values" - Senator Claudia Kauffman

Closing the \$2.8 billion budget gap

◆ Budget reductions – \$755 million

- ✓ Freezing state employee pay.
- ✓ Suspending hiring to fill vacancies.
- ✓ Imposing furlough days and took other measures to reduce spending at state agencies across the board.
- ✓ Consolidating and eliminating state commissions and boards. Reduced public services.

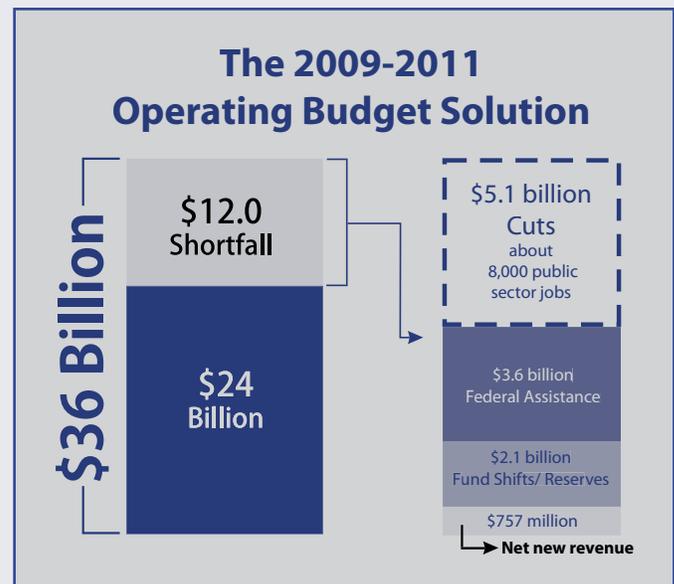
◆ Net new revenue – \$757 million

- ✓ Closing tax loopholes
- ✓ Temporarily increasing in the B&O rate for business services, such as lawyers and accountants, but we also permanently increase the small business tax credit so that businesses earning up to \$93,389 annually are eligible. Services businesses earning up to \$80,000 annually would actually pay less.
- ✓ Adding a dollar per pack tax to cigarettes, and remove the sales tax exemption from bottled water, candy and gum.
- ✓ Temporarily increasing taxes on beer and soda — both will go away in three years.

◆ Reserves, fund transfers – \$690 million

◆ New federal revenue – \$618 million

As a result of these efforts, the 2010 supplemental budget preserves vital programs and services important to residents in our district.



Business and Jobs

2010 supplemental budget

- ✓ Makes no cuts to basic education and preserves 54,658 teachers
- ✓ Provides retraining in high-demand fields for an additional 3,800 workers
- ✓ Preserves critical preschool programs for children under three
- ✓ Protects Working Connections childcare for 37,000 families
- ✓ Fully funds all-day kindergarten
- ✓ Maintains the Apple Health for Kids program serving 486,000 children
- ✓ Preserves levy equalization funding for rural school districts
- ✓ Secures state financial aid for 57,000 young adults
- ✓ Provides community mental health services to an average of around 55,000 people per month
- ✓ Saves health care for 69,000 people on the Basic Health Plan

Before the legislative session started, I met with our business community to discuss what the Legislature could do to spur economic growth and help businesses stay in business. I sponsored two bills to address those issues and supported other job creation efforts.

Small business assistance:

SB 6667 gets everyone in the small business community on the same page with a short- and long-term focus on business stability, innovation and entrepreneurship.



The bill creates an entrepreneurial development and small business reference service in the Department of Commerce to establish and maintain an inventory of training and technical assistance services, programs and resources available in the state.

Small business export financing:

SB 6679 will help businesses receive adequate financing by authorizing the Small Business Export Finance Assistance Center to make loans or provide loan guarantees to finance export activities for Washington businesses with \$200 million or less in annual sales.

Construction jobs:

HB 2561 could create tens of thousands of jobs by employing people to perform energy efficiency projects and associated work in schools and other public buildings. The State Finance Committee will be able to issue general obligation bonds to pay for the project.

Small business health care tax credits:

92,500 Washington small businesses will receive federal tax credits to help make health coverage more affordable. Small businesses make up 77.7 percent of all Washington businesses, yet just 47.5 percent of these small businesses are able to offer health insurance to their employees.

The 2010 supplemental transportation budget

keeps all projects in the current 16-year transportation finance plan on schedule, which translates into 18,000 additional jobs.

The 2010 supplemental capital construction budget

reprioritizes projects in the construction pipeline according to readiness, capitalizes on significant construction bid savings and adds several notable new projects that will create projects that will create as many as 13,700 jobs.

Weatherization jobs:

SB 6468 expands the low-income residential weatherization program to include structural rehabilitation assistance. Hundreds of jobs will be created.

Education



Education reform:

In February, a King County judge issued a ruling in the McCleary v. State case that echoed what many people knew all along: Washington is not adequately funding education. The court ordered the Legislature to work on a remedy by

establishing the cost of providing all Washington children with a basic education and determining how it will fully fund education with dependable state sources.

We are meeting this challenge with the passage of HB 2776. In 2011-12 current funding ratios will be replaced with a new prototypical school funding allocation formula. Enhancements to basic education funding levels are phased in beginning 2011-13 to reduce class sizes to 17 in grades K-3, increase funding levels for material, supplies and operating costs, implement all day kindergarten and a new student transportation funding formula.

Race to the Top:

We coordinated ongoing K-12 education reform efforts to make the state more competitive in its application to the federal “Race to the Top” grant program. Our measure, SB 6696, will benefit all schools by increasing accountability, flexibility and targeted reforms in educator preparation and evaluation systems. Schools that continue to struggle will have access to a new strengthened system of support. This was a well worked bill that included teachers, administrators, the State Board of Education and the Superintendent of Public Instruction.

Dropout prevention:

My bill, SB 6403, strives to tackle the dropout problem by allowing school districts to enter into agreements with educational service districts, community or technical colleges and other public entities to provide services to former students such as GED preparation, counseling and instruction.

Early learning

I believe that investing in early learning programs is smart public policy because research shows that a top-quality preschool or Head Start class can make all the difference in the world for a child’s educational success. Washington has been a leader in early learning, and we are raising the bar to strengthen it further.

Here are the steps we are taking to get there:

- Recognizing parents are their children’s first and most important teachers, HB 2867 starts the continuum by asking the Department of Early Learning to develop a birth to age three plan to provide education and a range of support to parents and caregivers. Science has proven this time period is especially crucial to development.
- Focusing on the details, SB 6759, which I sponsored, takes a direct look at all of the questions relating to what an early learning program should look like such as performance measures, transportation and teacher qualifications.
- HB 2731 adopts an approach to establishing an early learning program for pre-school children as an entitlement when fully implemented by 2018. This means the children with the greatest needs will have access to early learning programs.
- HB 2776 establishes the end goal of reducing class size to 17 students in grades K-three by 2018 – because smaller classes equal better learning.



Health Care



This session our efforts aimed to protect children from a harmful chemical in products they use every day; seeing that unwanted prescription drugs are disposed of properly; consumer insurance fairness; and preparing for federal health reform.

Protecting children: HB 1180 limits the use of the chemical BPA in certain plastic products intended for children such as baby bottles, sippy cups and sports bottles. Evidence is mounting that it is harmful to the health of children and infants. It's estimated that more than 90 percent of Americans have detectable BPA levels in their bodies.

Vaccines for children: SB 6263 ensures that children in Washington will continue to have easy access to needed immunizations. In 2009, the Legislature was forced to abandon the universal purchase program because of the budget deficit and high vaccine

prices. A new agreement between public and private groups has been reached to keep the program going. (SB 6263)

Small group insurance market: SB 6538 expands the small group insurance market to help self-employed individuals and sole proprietors obtain more affordable health coverage. Businesses with up to 50 employees will be able to access and participate in the market.



Veterans and Military



Washington is the home to service members from every branch of U.S. military service and houses bases for all but one. I was proud to support a number of bills this session to benefit all of our veterans.

Encouraging Veteran-Owned Businesses to Thrive:

After long deployments and travel around the world, veterans returning home from service often find it difficult to reestablish the connections necessary to help their businesses thrive.

That is why the Legislature passed a bill requiring the state to develop a directory of veteran-owned businesses and also encouraging state agencies to increase the number of contracts awarded to those businesses. (SB 5041)

Creating a Fund for Disabled Veterans:

While many Washingtonians want to help the state's veteran population, the structures and mechanisms for doing so do not always exist. This bill creates an account in the state treasury where voluntary donations may be amassed for the welfare of our state's disabled and homeless soldiers. (HB 1876)

Clarifying How Military Leave Is Granted:

Prior to the passage of this bill, there was some confusion amongst state agencies concerning when reservists and other military personnel would be granted military-related employment leave. This bill makes it clear that all relevant military duty qualifies for leave. (HB 2403)

Washington Soldiers home lease agreement:

We are authorizing the Department of Veterans Affairs to work with public or private entities on projects to make the best use of the soldiers' home property and facilities and to extend long term leases for up to 75 years. (SB 6342/HB 2720)

Protecting the Green River Valley

Green River Flood Business Insurance: I worked with other South King County lawmakers to remove some of the economic anxiety our area businesses are experiencing because they can't find supplemental flood insurance.

Under **HB 2560**, the Office of the Insurance Commissioner will carry out a Market Assistance Plan to help businesses find surplus flood and business interruption insurance, and evaluate to what extent the coverage is available in south King County. If it turns out that private insurers are not selling the coverage our businesses need – or that a competitive market doesn't exist in the area – then a temporary Joint Underwriting Association (JUA) can be created.

While basic flood insurance is available to homeowners and businesses from the federal government's national flood insurance program, coverage is only offered up to \$500,000 for a structure and \$500,000 for contents. That's not enough to cover a lot of the heavy machinery businesses use. Likewise, the distributors in the Valley, which is the second largest distribution center on the West Coast, must have business interruption insurance which is not available from the federal program.

Legislative accomplishments

- ✓ Sponsored and supported pro-small business legislation
- ✓ Supported job creation bills
- ✓ Led efforts to improve early learning
- ✓ Fought education funding cuts
- ✓ Secured funding for State Route 516 corridor study



Senator Kauffman
on the Senate floor