

SENATE BILL REPORT

SB 6767

As Reported By Senate Committee On:
Ways & Means, February 23, 1996

Title: An act relating to establishing procedures for compensation modifications for state employees under chapter 41.06 RCW.

Brief Description: Establishing procedures for compensation modifications for state employees under chapter 41.06 RCW.

Sponsors: Senators Rinehart and West.

Brief History:

Committee Activity: Ways & Means: 2/22/96, 2/23/96 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6767 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Fraser, Hargrove, Hochstatter, Johnson, Kohl, Pelz, Quigley, Sheldon, Snyder, Spanel, Sutherland, Winsley and Wojahn.

Staff: Denise Graham (786-7715)

Background: The Washington Personnel Resources Board is responsible for adopting and revising the comprehensive classification plan for classified, civil service employees as well as exempt employees under the jurisdiction of the Board. The Board uses this authority to grant salary adjustments and reclassifications to groups of employees. Prior to the current biennium, the Office of Financial Management (OFM) reviewed the proposals for reclassifications for their fiscal impact, and passed on to the Board only those requests that could be paid by an agency out of current funds. This sometimes resulted in agencies building bowwave costs for the approved salary adjustments into their budgets for the following biennium.

Legislation enacted in 1995 requires that the Board approve only those salary adjustments and reclassifications during the 1995-97 biennium that meet certain criteria. The Board can approve those salary adjustments that address recruitment and retention issues, correct salary compression or inversion problems, recognize increased duties and responsibilities, or correct salary inequities. A salary inequity exists where similar work is assigned to different classified positions that have a salary difference greater than 7.5 percent.

Last year's omnibus appropriations act provides \$5 million GF-S and \$5 million in other funds for Board-approved salary adjustments. The act further specifies that the Board can approve another \$2.5 million GF-S, \$2.5 million other funds of salary adjustments the costs for which can be absorbed by the requesting agencies. The total cost of all salary

adjustments approved by the Board cannot exceed these amounts specified in the omnibus appropriations act.

The Washington Management Service (WMS) was created by legislation enacted in 1993. The Director of the Department of Personnel (DOP) has rule-making authority over WMS. In establishing WMS rules, the director must provide for flexibility in setting and changing salaries.

Summary of Substitute Bill: The criteria in effect for the current biennium concerning granting salary adjustments and reclassifications are made permanent.

OFM must review the agency's fiscal impact statement. If OFM determines that the agency can absorb the cost of the salary adjustment within the agency's current authorized level of funding for the current fiscal biennium and for subsequent fiscal biennia, the Board can approve the salary adjustment at any time during the biennium.

If the agency cannot absorb the cost of the salary adjustment, then the following procedures must be followed:

The Board prioritizes the requests for salary adjustments and reclassifications and submits the prioritized list to the Governor, the House and the Senate at the same time DOP's biennial budget request is submitted to OFM. The Legislature establishes, in the biennial appropriations act, the level of funding that may be applied by the Board to the prioritized list and may specify the implementation dates for Board approved salary adjustments. The Board may approve salary adjustments and reclassifications only to the extent that the total cost does not exceed the level of funding established in the budget.

Salary adjustments for classified employees and for exempt employees under the jurisdiction of the Board fall under the new procedures and criteria.

In developing WMS rules concerning setting and changing salaries, the director of DOP must require review and approval by the director for any salary change greater than 5 percent proposed for a group of employees.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The procedures established in the bill represent a planned, rational way to prioritize meritorious reclasses and allow the Legislature to decide how much funding to provide.

Testimony Against: None.

Testified: Dennis Karras, Department of Personnel; Greg Devereux, Washington Federation of State Employees.