

# FINAL BILL REPORT

## HB 2165

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Synopsis as Enacted

**Brief Description:** Paying interest on retroactive raises for ferry workers.

**Sponsors:** Representatives K. Schmidt, Zellinsky, Fisher, Morris, Radcliff, Sehlin, Sheldon and Hatfield.

**House Committee on Transportation Policy & Budget**  
**Senate Committee on Transportation**

**Background:** During the 1995 session, the Legislature enacted a 4 percent salary increase for state employees, including employees of the Washington State Ferry System. According to that legislation, the raises were to go into effect on July 1, 1995.

Because of delays in ratifying collective bargaining agreements with the various ferry employee labor unions, some ferry workers did not begin to receive their salary increase on July 1, 1995. However, as of December 1996, all 13 ferry employee labor unions had ratified their contracts. Although these employees have received the legislatively appropriated salary increase retroactively, there is no mechanism for receiving the interest accrued on the salary dollars while the funds were held in the state treasury pending ratification of the collective bargaining agreements.

**Summary:** Subject to legislative appropriation, ferry employees are entitled to the interest earned on retroactive compensation increases. The interest, which must be based on the interest rate earned by the State Treasurer, is computed for each employee until the date the retroactive compensation is paid. The interest payments are not included for purposes of calculating retirement allowances.

**Votes on Final Passage:**

House 96 0  
Senate 45 1 (Senate amended)  
House 96 0 (House concurred)

**Effective:** July 27, 1997