

SENATE BILL REPORT

SB 6503

As Reported by Senate Committee On:
Ways & Means, January 21, 2010

Title: An act relating to the operations of state agencies.

Brief Description: Closing state agencies on specified dates.

Sponsors: Senator Prentice.

Brief History:

Committee Activity: Ways & Means: 1/19/10, 1/21/10 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6503 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Pflug and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Hewitt, Honeyford and Parlette.

Staff: Steve Jones (786-7440)

Background: State offices must be open at least forty hours per week, with an exception for weeks containing one or more of the ten legal holidays designated in statute.

Summary of Bill (Recommended Substitute): State agencies are directed to achieve a \$69.154 million reduction in employee compensation costs from the near General Fund through mandatory and voluntary furloughs, leave without pay, reduced work hours, voluntary retirements and separations, layoffs, and other methods. Agency compensation reduction plans must be submitted by May 15 and approved by the Office of Financial Management by June 1. Agencies that fail to submit an approved compensation reduction

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plan will be subject to 13 specified agency closure dates beginning in June 2010. Agencies are encouraged to preserve family wage jobs.

Exceptions to the agency closure dates include state corrections and social service institutions, child protective services, law enforcement, military operations, state hospitals, emergency management, state parks, highways, and ferries, revenue collection by the Department of Revenue, higher education classroom instruction, state liquor stores, state lottery, unemployment insurance and reemployment services, workers compensation and workplace safety programs, agricultural commodity commissions and food inspections, employees necessary to protect state assets and public safety, and state legislative agencies, the Governor, Lieutenant Governor, and the Office of Financial Management during legislative sessions.

State agency closures will result in the temporary layoff (furlough) and reduction of compensation of affected state employees. These temporary layoffs and reduction in compensation do not affect employee seniority, vacation and sick leave accrual, or retirement benefits.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): State agencies are directed to achieve a \$69.154 million reduction in employee compensation costs from the near General Fund through mandatory and voluntary furloughs, leave without pay, reduced work hours, voluntary retirements and separations, layoffs, and other methods. Agency compensation reduction plans must be submitted by May 15 and approved by the Office of Financial Management by June 1. Agencies that fail to submit an approved compensation reduction plan will be subject to 13 specified agency closure dates beginning in June 2010. Agencies are encouraged to preserve family wage jobs. The list of exemptions from the agency closure dates is expanded.

Appropriation: None.

Fiscal Note: Requested on January 15, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: CON: State employees are opposed to this legislation. State employees have already received wage and benefit cuts equal to a 9 percent reduction. The disparate treatment of furloughed employees and nonfurloughed employees invites lawsuits. State employees have done their share to solve the budget problem; tax exemptions need to be examined and eliminated on at least a temporary basis. This legislation punishes the lowest-paid employees in our educational institutions and is equivalent to an 8 percent pay cut. Sixteen days of unpaid leave will direct impact services to students. Exempting classroom instruction employees will be difficult to interpret; administrative support personnel are needed for instructional activities. Each institution of higher education should be able to decide how to implement budget reductions. These closure dates will disrupt federal mandates in the health care field, which will jeopardize federal funding.

OTHER: State agencies and institutions of higher education recognize the state's difficult budget situation, but this bill has significant implementation difficulties. Furloughs will cost more to implement than the savings achieved. In higher education, only one-fourth of employees are paid from state funds. Collective bargaining agreements will need to be reopened and renegotiated. This bill has serious implications for the independent retirement system used in higher education. Furloughed exempt employees will become eligible for overtime pay. Forest management and timber sales activities should not be disrupted, which could result in the loss of millions of dollars in revenues to the state trusts and the Department of Natural Resources. Time will be needed to bargain the impacts of this proposal. Agricultural commodity commissions and food inspection programs are supported by fees and should be exempted.

Persons Testifying: CON: Greg Devereaux, Washington Federation of State Employees; George Dockins, Susan Banton, Public School Employees of Washington; Marcy Johnson, SEIU 1199 Healthcare NW.

OTHER: Leonard Young, Department of Natural Resources; Terry Teale, Council of Presidents; Liz Coveney, University of Washington; John Bosenberg, State Board of Community & Technical Colleges; Julie Murray, Office of Financial Management; Marsha Riddle Buly, James Pappas, Larry Luton, Council of Faculty Representatives; Jim Jesernig, Washington Wheat Growers & Washington Potato Commission.