SENATE BILL REPORT
ESSB 6503

As Amended by House, April 2, 2010

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

Brief Description: Closing state agencies on specified dates.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Brief History:
Committee Activity: Ways & Means: 1/19/10, 1/21/10 [DPS, DNP, w/oRec].
Passed Senate: 1/22/10, 27-17.
First Special Session: Passed Senate: 3/16/10, 30-11.
Passed House: 4/02/10, 50-38.

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 Engrossed Substitute Bill: State agencies are directed to achieve a reduction in employee compensation costs through mandatory and voluntary furloughs, leave without pay, reduced work hours, voluntary retirements and separations, layoffs, and other methods. The amount of the savings will be specified in the omnibus appropriations act. At least $10 million in savings will be from management positions exempt from civil service. Agencies

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that fail to submit an approved compensation reduction plan will be subject to ten specified agency closure dates beginning in July 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 and student employees, 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, and Lieutenant Governor 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.

Agencies that do not adopt an approved compensation reduction plan will be subject to ten closure dates specified in the bill.

Employees earning less than $30,000 per year are allowed to use annual leave or shared leave in lieu of temporary layoffs during agency closures.

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 Emplyees; 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.

House Amendment(s): The cost reduction plans submitted by institutions of higher education may provide for reductions to operations, as well as compensation. Exemptions from agency closure requirements are provided for the Insurance Commissioner; functions of the Attorney General's Office directly related to civil, criminal, or administrative actions; the Office of Financial Management during sessions of the Legislature; and the Governor’s Labor Relations Office through November 1, 2010. In the event that general government state agencies do not have approved reduction plans, collective bargaining is conducted between the Governor and each exclusive bargaining representative, rather than the Governor negotiating with a single coalition of all of the exclusive bargaining representatives.