
SUBSTITUTE HOUSE BILL 2998

State of Washington

61st Legislature

2010 Regular Session

By House Ways & Means (originally sponsored by Representatives Seaquist, Armstrong, Hunt, Kessler, Wallace, Conway, and Darneille)

READ FIRST TIME 01/27/10.

1 AN ACT Relating to suspension of certain monetary awards and salary
2 increases; amending RCW 41.06.500 and 43.180.080; reenacting and
3 amending RCW 41.06.133; creating a new section; and declaring an
4 emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the current
7 economic crisis is requiring sacrifices by citizens and businesses all
8 across the state. The legislature acknowledges the sacrifices also
9 being made by the many state employees who have volunteered for unpaid
10 furlough days including those, such as our ferry workers, who
11 volunteered for pay freezes. The recession requires us to continue to
12 find every possible cost savings while striving to continue to deliver
13 key services to our citizens. Therefore, the legislature finds it
14 necessary to immediately suspend recognition awards given to state
15 employees. Until the economic climate permits the resumption of
16 appropriate cash awards, the legislature encourages supervisors
17 throughout state agencies to look for nonmonetary ways to acknowledge
18 outstanding contributions to Washington's citizens by our state's civil
19 servants.

1 **Sec. 2.** RCW 41.06.133 and 2009 c 534 s 2 and 2009 c 5 s 2 are each
2 reenacted and amended to read as follows:

3 (1) The director shall adopt rules, consistent with the purposes
4 and provisions of this chapter and with the best standards of personnel
5 administration, regarding the basis and procedures to be followed for:

6 (a) The reduction, dismissal, suspension, or demotion of an
7 employee;

8 (b) Training and career development;

9 (c) Probationary periods of six to twelve months and rejections of
10 probationary employees, depending on the job requirements of the class,
11 except that entry level state park rangers shall serve a probationary
12 period of twelve months;

13 (d) Transfers;

14 (e) Promotional preferences;

15 (f) Sick leaves and vacations;

16 (g) Hours of work;

17 (h) Layoffs when necessary and subsequent reemployment, except for
18 the financial basis for layoffs;

19 (i) The number of names to be certified for vacancies;

20 (j) Adoption and revision of a state salary schedule to reflect the
21 prevailing rates in Washington state private industries and other
22 governmental units. The rates in the salary schedules or plans shall
23 be increased if necessary to attain comparable worth under an
24 implementation plan under RCW 41.06.155 and, for institutions of higher
25 education and related boards, shall be competitive for positions of a
26 similar nature in the state or the locality in which an institution of
27 higher education or related board is located. Such adoption and
28 revision is subject to approval by the director of financial management
29 in accordance with chapter 43.88 RCW;

30 (k) Increment increases within the series of steps for each pay
31 grade based on length of service for all employees whose standards of
32 performance are such as to permit them to retain job status in the
33 classified service. (~~For the twelve months following~~) From February
34 18, 2009, through June 30, 2011, a salary or wage increase shall not be
35 granted to any exempt position under this chapter;

36 (l) Optional lump sum relocation compensation approved by the
37 agency director, whenever it is reasonably necessary that a person make
38 a domiciliary move in accepting a transfer or other employment with the

1 state. An agency must provide lump sum compensation within existing
2 resources. If the person receiving the relocation payment terminates
3 or causes termination with the state, for reasons other than layoff,
4 disability separation, or other good cause as determined by an agency
5 director, within one year of the date of the employment, the state is
6 entitled to reimbursement of the lump sum compensation from the person;

7 (m) Providing for veteran's preference as required by existing
8 statutes, with recognition of preference in regard to layoffs and
9 subsequent reemployment for veterans and their surviving spouses by
10 giving such eligible veterans and their surviving spouses additional
11 credit in computing their seniority by adding to their unbroken state
12 service, as defined by the director, the veteran's service in the
13 military not to exceed five years. For the purposes of this section,
14 "veteran" means any person who has one or more years of active military
15 service in any branch of the armed forces of the United States or who
16 has less than one year's service and is discharged with a disability
17 incurred in the line of duty or is discharged at the convenience of the
18 government and who, upon termination of such service, has received an
19 honorable discharge, a discharge for physical reasons with an honorable
20 record, or a release from active military service with evidence of
21 service other than that for which an undesirable, bad conduct, or
22 dishonorable discharge shall be given. However, the surviving spouse
23 of a veteran is entitled to the benefits of this section regardless of
24 the veteran's length of active military service. For the purposes of
25 this section, "veteran" does not include any person who has voluntarily
26 retired with twenty or more years of active military service and whose
27 military retirement pay is in excess of five hundred dollars per month.

28 (2) Rules adopted under this section by the director shall provide
29 for local administration and management by the institutions of higher
30 education and related boards, subject to periodic audit and review by
31 the director.

32 (3) Rules adopted by the director under this section may be
33 superseded by the provisions of a collective bargaining agreement
34 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The
35 supersession of such rules shall only affect employees in the
36 respective collective bargaining units.

37 (4)(a) The director shall require that each state agency report
38 annually the following data:

1 (i) The number of classified, Washington management service, and
2 exempt employees in the agency and the change compared to the previous
3 report;

4 (ii) The number of bonuses and performance-based incentives awarded
5 to agency staff and the base wages of such employees; and

6 (iii) The cost of each bonus or incentive awarded.

7 (b) A report that compiles the data in (a) of this subsection for
8 all agencies will be provided annually to the governor and the
9 appropriate committees of the legislature and must be posted for the
10 public on the department of personnel's agency web site.

11 (5) From the effective date of this act until June 30, 2011,
12 neither recruitment and retention awards nor performance-based awards,
13 incentives, or premiums may be granted by the director or employers to
14 employees covered by rules adopted pursuant to the provisions of this
15 section.

16 **Sec. 3.** RCW 41.06.500 and 2009 c 5 s 3 are each amended to read as
17 follows:

18 (1) Except as provided in RCW 41.06.070, notwithstanding any other
19 provisions of this chapter, the director is authorized to adopt, after
20 consultation with state agencies and employee organizations, rules for
21 managers as defined in RCW 41.06.022. These rules shall not apply to
22 managers employed by institutions of higher education or related boards
23 or whose positions are exempt. The rules shall govern recruitment,
24 appointment, classification and allocation of positions, examination,
25 training and career development, hours of work, probation,
26 certification, compensation, transfer, affirmative action, promotion,
27 layoff, reemployment, performance appraisals, discipline, and any and
28 all other personnel practices for managers. These rules shall be
29 separate from rules adopted for other employees, and to the extent that
30 the rules adopted under this section apply only to managers shall take
31 precedence over rules adopted for other employees, and are not subject
32 to review by the board.

33 (2) In establishing rules for managers, the director shall adhere
34 to the following goals:

35 (a) Development of a simplified classification system that
36 facilitates movement of managers between agencies and promotes upward
37 mobility;

1 (b) Creation of a compensation system that provides flexibility in
2 setting and changing salaries, and shall require review and approval by
3 the director in the case of any salary changes greater than five
4 percent proposed for any group of employees;

5 (c) Establishment of a performance appraisal system that emphasizes
6 individual accountability for program results and efficient management
7 of resources; effective planning, organization, and communication
8 skills; valuing and managing workplace diversity; development of
9 leadership and interpersonal abilities; and employee development;

10 (d) Strengthening management training and career development
11 programs that build critical management knowledge, skills, and
12 abilities; focusing on managing and valuing workplace diversity;
13 empowering employees by enabling them to share in workplace decision
14 making and to be innovative, willing to take risks, and able to accept
15 and deal with change; promoting a workplace where the overall focus is
16 on the recipient of the government services and how these services can
17 be improved; and enhancing mobility and career advancement
18 opportunities;

19 (e) Permitting flexible recruitment and hiring procedures that
20 enable agencies to compete effectively with other employers, both
21 public and private, for managers with appropriate skills and training;
22 allowing consideration of all qualified candidates for positions as
23 managers; and achieving affirmative action goals and diversity in the
24 workplace;

25 (f) Providing that managers may only be reduced, dismissed,
26 suspended, or demoted for cause; and

27 (g) Facilitating decentralized and regional administration.

28 (3) For the twelve months following February 18, 2009, a salary or
29 wage increase shall not be granted to any position under this section.

30 (4) From the effective date of this act until June 30, 2011, no
31 recruitment and retention, performance pay, awards, incentives,
32 premiums, or growth and development progression adjustments may be
33 granted by the director or employers to the Washington management
34 service employees covered by the rules adopted pursuant to the
35 provisions of this section.

36 **Sec. 4.** RCW 43.180.080 and 1997 c 163 s 1 are each amended to read
37 as follows:

1 In addition to other powers and duties specified in this chapter,
2 the commission may:

3 (1) Establish in resolutions relating to any issuance of bonds, or
4 in any financing documents relating to such issuance, such standards
5 and requirements applicable to the purchase of mortgages and mortgage
6 loans or the making of loans to mortgage lenders as the commission
7 deems necessary or desirable, including but not limited to: (a) The
8 time within which mortgage lenders must make commitments and
9 disbursements for mortgages or mortgage loans; (b) the location and
10 other characteristics of single-family housing or multifamily housing
11 to be financed by mortgages and mortgage loans; (c) the terms and
12 conditions of mortgages and mortgage loans to be acquired; (d) the
13 amounts and types of insurance coverage required on mortgages, mortgage
14 loans, and bonds; (e) the representations and warranties of mortgage
15 lenders confirming compliance with such standards and requirements; (f)
16 restrictions as to interest rate and other terms of mortgages or
17 mortgage loans or the return realized therefrom by mortgage lenders;
18 (g) the type and amount of collateral security to be provided to assure
19 repayment of any loans from the commission and to assure repayment of
20 bonds; and (h) any other matters related to the purchase of mortgages
21 or mortgage loans or the making of loans to lending institutions as
22 shall be deemed relevant by the commission;

23 (2) Sue and be sued in its own name;

24 (3) Make and execute contracts and all other instruments necessary
25 or convenient for the exercise of its purposes or powers, including but
26 not limited to contracts or agreements for the origination, servicing,
27 and administration of mortgages or mortgage loans, and the borrowing of
28 money;

29 (4) Procure such insurance, including but not limited to insurance:
30 (a) Against any loss in connection with its property and other assets,
31 including but not limited to mortgages or mortgage loans, in such
32 amounts and from such insurers as the commission deems desirable, and
33 (b) to indemnify members of the commission for acts done in the course
34 of their duties;

35 (5) Provide for the investment of any funds, including funds held
36 in reserve, not required for immediate disbursement, and provide for
37 the selection of investments;

1 (6) Fix, revise, and collect fees and charges in connection with
2 the investigation and financing of housing or in connection with
3 assignments, contracts, purchases of mortgages or mortgage loans, or
4 any other actions permitted under this chapter or by the commission;
5 and receive grants and contributions;

6 (7) Make such expenditures as are appropriate for paying the
7 administrative costs of the commission and for carrying out the
8 provisions of this chapter. These expenditures may be made only from
9 funds consisting of the commission's receipts from fees and charges,
10 grants and contributions, the proceeds of bonds issued by the
11 commission, and other revenues; these expenditures shall not be made
12 from funds of the state of Washington;

13 (8) Establish such special funds, and controls on deposits to and
14 disbursements from them, as it finds convenient for the implementation
15 of this chapter;

16 (9) Conduct such investigations and feasibility studies as it deems
17 appropriate;

18 (10) Proceed with foreclosure actions or accept deeds in lieu of
19 foreclosure together with the assignments of leases and rentals
20 incidental thereto. Any properties acquired by the commission through
21 such actions shall be sold as soon as practicable through persons
22 licensed under chapter 18.85 RCW or at public auction, or by transfer
23 to a public agency. In preparation for the disposition of the
24 properties, the commission may own, lease, clear, construct,
25 reconstruct, rehabilitate, repair, maintain, manage, operate, assign,
26 or encumber the properties;

27 (11) Take assignments of leases and rentals;

28 (12) Subject to any provisions of the commission's contracts with
29 the holders of obligations of the commission, consent to any
30 modification with respect to rate of interest, time, and payment of any
31 installment of principal or interest or any other term of any contract,
32 mortgage, mortgage loan, mortgage loan commitment, contract, or
33 agreement of any kind;

34 (13) Subject to provisions of the commission's contracts with the
35 holders of bonds, permit the reduction of rental or carrying charges to
36 persons unable to pay the regular rent or schedule of charges if, by
37 reason of other income of the commission or by reason of payment by any

1 department, agency, or instrumentality of the United States or of this
2 state, the reduction can be made without jeopardizing the economic
3 stability of the housing being financed;

4 (14) Sell, at public or private sale, with or without public
5 bidding, any mortgage, mortgage loan, or other instrument or asset held
6 by the commission;

7 (15) Employ, contract with, or engage engineers, architects,
8 attorneys, financial advisors, bond underwriters, mortgage lenders,
9 mortgage administrators, housing construction or financing experts,
10 other technical or professional assistants, and such other personnel as
11 are necessary. The commission may delegate to the appropriate persons
12 the power to execute legal instruments on its behalf;

13 (16) Receive contributions or grants from any source unless
14 otherwise prohibited;

15 (17) Impose covenants running with the land in order to satisfy and
16 enforce the requirements of applicable state and federal law and
17 commission policy with respect to housing or other facilities financed
18 by the commission or assisted by federal, state, or local programs
19 administered by the commission, by executing and recording regulatory
20 agreements or other covenants between the commission and the person or
21 entity to be bound. These regulatory agreements and covenants shall
22 run with the land and be enforceable by the commission or its
23 successors or assigns against the person or entity making the
24 regulatory agreement or covenants or its successors or assigns, even
25 though there may be no privity of estate or privity of contract between
26 the commission or its successors or assigns and the person or entity
27 against whom enforcement is sought. The term of any such covenant
28 shall be set forth in the recorded agreement containing the covenant.
29 This subsection shall apply to regulatory agreements and covenants
30 previously entered into by the commission as well as regulatory
31 agreements and covenants entered into by the commission on or after
32 July 27, 1997;

33 (18) Delegate any of its powers and duties if consistent with the
34 purposes of this chapter;

35 (19) Exercise any other power reasonably required to implement the
36 purposes of this chapter.

37 From the effective date of this act through June 30, 2011, neither

1 the commission nor its designees may grant any recruitment and
2 retention, bonus, performance-based award, or premiums to any employee.

3 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and takes effect
6 immediately.

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