

HOUSE BILL REPORT

SSB 5614

As Reported by House Committee On:
Labor & Workforce Development
Ways & Means

Title: An act relating to requests for funds necessary to implement the compensation and fringe benefit provisions of bargaining agreements with the University of Washington under chapter 41.80 RCW

Brief Description: Establishing procedures for requesting the funds necessary to implement the compensation and fringe benefit provisions of bargaining agreements with the University of Washington under chapter 41.80 RCW.

Sponsors: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators White, Kilmer, Tom, Kohl-Welles, Keiser, Kline and Conway).

Brief History:

Committee Activity:

Labor & Workforce Development: 3/9/11, 3/22/11 [DPA];

Ways & Means: 3/30/11, 3/31/11 [DPA(LWD)].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Changes the process for requests for funds to implement the compensation and fringe benefit provisions of collective bargaining agreements between the University of Washington and representatives of classified employees.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended. Signed by 12 members: Representatives Sells, Chair; Reykdal, Vice Chair; Condotta, Ranking Minority Member; Shea, Assistant Ranking Minority Member; Fagan, Green, Miloscia, Moeller, Ormsby, Roberts, Taylor and Warnick.

Staff: Jill Reinmuth (786-7134).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Personnel System Reform Act (PSRA) provides for collective bargaining between institutions of higher education and representatives of classified employees. The PSRA also outlines a process for the Governor to submit, and the Legislature to consider, requests for funds to implement the compensation and fringe benefit provisions of agreements.

The Governor must submit such a request to the Legislature, but not unless two conditions are met. First, the request must be submitted to the Director of the Office of Financial Management (Director) by October 1 prior to the legislative session at which the request is to be considered. Second, the request must be certified by the Director as being financially feasible for the state.

The Legislature must approve or reject the request as a whole. The Legislature must not consider the request unless it is transmitted to the Legislature as part of the Governor's budget. If the Legislature rejects or fails to act on the submission, either party may reopen all or part of the agreement, or the exclusive bargaining representative may seek to implement mediation and fact-finding procedures.

Summary of Amended Bill:

Two changes are made to the process for requests for funds to implement the compensation and fringe benefit provisions of agreements. These changes apply only in the case of agreements between the University of Washington and representatives of classified employees.

If appropriations of less than \$10,000 are necessary to implement an agreement, the Governor must submit a request for funds to the Legislature, but not unless the request is submitted to the Director by October 1 prior to the legislative session at which the request is to be considered. (The request need not be certified by the Director as being financially feasible for the state.)

If appropriations of \$10,000 or more are necessary to implement the agreement and the request is not certified by the Director as being financially feasible for the state, the parties must enter into collective bargaining solely for the purpose of reaching a mutually agreed upon modification to address the absence of requested funds. The Legislature may act on a modified collective bargaining agreement if those provisions are submitted to the Office of Financial Management and legislative budget committees before final legislative action on the operating budget.

Amended Bill Compared to Substitute Bill:

The amended bill specifies that, if appropriations of less than \$10,000 are necessary, the Governor must submit a request for funds to the Legislature, but not unless the October 1 deadline is met. (The substitute bill would have eliminated the requirement that the Governor submit a request for funds to the Legislature.)

The amended bill also specifies that, if appropriations of \$10,000 or more are necessary and the request is not certified as feasible financially, the parties must return to the bargaining table. If the parties reach agreement on modifications, the Legislature may act on the modified agreement if it is submitted to the Office of Financial Management and the budget committees before final action on the budget. (The substitute bill did not address action on the modified agreement.)

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill would treat University of Washington contracts that require minimal state funding in the same way as contracts that require no state funding. Due to the fiscal crisis, contracts with state funds were declared not financially feasible. Contracts that were fully funded with federal funds or medical funds were able to proceed.

At the University of Washington, there was one agreement that was partially funded with only about \$3,000 in state funds. This agreement was declared not financially feasible and was considered void. There has been considerable cost to the University of Washington and others to deal with that contract.

The parties tried to do many different things to solve this problem before coming to the Legislature. The bill is mutually agreeable, less costly, limited in scope, and holds all unions harmless.

(Opposed) None.

Persons Testifying: Margaret Shepherd, University of Washington; and Adair Dammann, Service Employees International Union Local 925.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Labor & Workforce Development. Signed by 26 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Minority Report: Without recommendation. Signed by 1 member: Representative Carlyle.

Staff: David Pringle (786-7310).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Labor & Workforce Development:

No new changes are recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Office of Financial Management (OFM) declaration of financial infeasibility affected one agreement with a very small State General Fund impact. The University of Washington (UW) and the bargaining representatives explored a number of ways to resolve this issue, but between determinations of the Public Employment Relations Commission and the OFM, there appeared to be no administrative way to redress this issue. Under the terms of the bill as it was amended in the House Labor and Workforce Development Committee, the contracts that fall under \$10,000 of impact could come before the Legislature without an OFM financial feasibility determination, but the agreements must still be approved by the Legislature to take effect. The union and the UW have worked very hard to reach a solution to this problem, and this version of the bill addresses many concerns that have been raised about earlier versions.

(Opposed) None.

Persons Testifying: Margaret Shepherd, University of Washington; and Lani Todd, Service Employees International Union 925.

Persons Signed In To Testify But Not Testifying: None.