

HOUSE BILL REPORT

ESSB 5860

As Passed House:
May 25, 2011

Title: An act relating to temporary compensation reductions for state government employees during the 2011-2013 fiscal biennium.

Brief Description: Addressing temporary compensation reductions for state government employees during the 2011-2013 fiscal biennium.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Murray; by request of Office of Financial Management).

Brief History:

Committee Activity:

None.

First Special Session

Floor Activity:

Passed House: 5/25/11, 72-24.

Brief Summary of Engrossed Substitute Bill

- Reduces base salaries for most state employees in the executive, legislative, and judicial branches by 3 percent until June 29, 2013.
- Provides exemptions from the 3 percent reduction for employees including elected officials set by the Commission on Salaries for Elected Officials, employees at institutions of higher education, certificated employees of the State School for the Blind and the Center for Childhood Deafness and Hearing Loss, commissioned offices of the Washington State Patrol, represented ferry workers of the Washington State Department of Transportation, and employees whose monthly full-time equivalent salary is less than \$2,500 per month.
- Requires executive branch agencies, except for institutions of higher education, to receive the approval of the Director of the Office of Financial Management to increase salaries for exempt or management employees.
- Requires any agency granting a salary increase to an exempt or management employee to report to the Legislature on the increases.

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.

- Permits higher education institutions to grant wage or salary increases for additional academic responsibilities if paid for within existing resources and without impact on services.
- Continues limitations on monetary recognition awards to employees through June 30, 2013.
- Exempts state employee sick and accrued vacation leave cash-out calculations from the 3 percent salary reduction.

Staff: David Pringle (786-7310).

Background:

The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training.

Generally, state employment positions are either exempt, general service, or Washington Management Service. General service employees are eligible to collectively bargain if they so elect. In higher education, employee positions typically are either exempt or general services; some categories of exempt employees, as well as general service employees, may collectively bargain if they so elect. For example, higher education faculty and graduate students are exempt employees but may collectively bargain. For employees who collectively bargain, salary and wage increases are determined as provided in the existing contract.

Most of the collective bargaining agreements reached for the 2011-13 fiscal biennium include a 3 percent reduction in base salaries or equivalent reductions in compensation through mechanisms such as temporary layoffs. Most of those agreements containing such reductions were certified as financially feasible for the state by the Director of the Office of Financial Management and submitted to the Legislature for funding.

Summary of Bill:

The base salaries for most state employees in the executive, legislative, and judicial branches are reduced by 3 percent until June 29, 2013. Exemptions are provided for from the 3 percent reduction for certain employees including elected officials set by the Commission on Salaries for Elected Officials, employees at institutions of higher education, certificated employees of the State School for the Blind and the Center for Childhood Deafness and Hearing Loss, commissioned offices of the Washington State Patrol, represented ferry workers of the Washington State Department of Transportation, and employees whose monthly full-time equivalent salary is less than \$2,500 per month.

Executive branch agencies, except for institutions of higher education, are required to receive the approval of the Director of the Office of Financial Management to increase salaries for exempt or management employees. Any agency granting a salary increase to an exempt or management employee is required to report to the Legislature on the increases.

Higher education institutions are permitted to grant wage or salary increases for additional academic responsibilities if paid for within existing resources and without impact on services. Limitations on monetary recognition awards to employees established by the Legislature for the 2011-13 biennium are continued through until June 30, 2013. State employee sick and accrued vacation leave cash-out calculations are exempted from the 3 percent salary reduction.

The Directors of the Department of Personnel and the Department of Retirement Systems shall adopt rules as necessary to implement the temporary salary reductions.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.