SENATE BILL REPORT
ESSB 5860

As Passed Senate, 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: Ways & Means: 3/24/11, 5/23/11 [DPS].
First Special Session: Passed Senate: 5/25/11, 36-10.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5860 be substituted therefor, and the substitute bill do pass.
Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brown, Conway, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Regala, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

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 (WMS). 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.

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.

Summary of Engrossed Substitute Bill: During the 2011-13 biennium, base salaries are reduced 3 percent for all state employees except for elected officials whose salaries are established by the Commission on Salaries for Elected Officials; employees at state institutions of higher education; certificated employees of the state School for the Blind and the Center for Childhood Deafness and Hearing Loss; commissioned officers of the State Patrol; represented ferry workers of the Department of Transportation; and employees whose monthly full-time equivalent salary is less than $2,500 per month. Employees subject to the salary reduction accrue additional Temporary Salary Reduction leave at the rate of 5.2 hours per month. Amounts paid during the 2011-13 fiscal biennium to state employees who cash-out annual or sick leave at the time of retirement or sick leave in excess of 60 days at any time are not reduced by temporary compensation reductions.

Agencies that are prevented by the terms of a collective bargaining contract from implementing the 3 percent salary reduction are required to achieve a 3 percent reduction in compensation expenditures through employee leave without pay, reduced work hours, temporary layoffs, or other actions consistent with the terms of the collective bargaining agreement.

State institutions of higher education are required to reduce compensation to meet savings targets provided in the Omnibus Appropriations Act.

During the 2011-13 fiscal biennium, no performance-based awards or incentives may be granted to state employees. Agencies are prohibited from granting a salary increase for exempt or WMS employees during the 2011-13 fiscal biennium, except in cases where a demonstrated recruitment and retention issue exists. Agencies that do give salary increases to exempt or WMS employees are required to submit reports by July 31, 2012, and July 31, 2013, describing the increases given and the reasons for granting them.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: State employees are doing their part to help solve the state's fiscal crisis. In spite of the pay cuts included in the contract, 85 percent of WFSE members voted to approve it. This is the collective bargaining process working as it should. This bill honors the commitment made to labor unions to protect employees' retirement benefits, ensuring that they won't be punished for the rest of their lives because of a temporary pay cut. The reductions are spread as evenly as possible to treat all employees fairly, while still providing the flexibility needed by institutions of higher education that haven't reached agreement with unions on labor contracts. Subsequent to the introduction of this bill, an agreement was reached with ferry workers that provides for a salary reduction so the bill should be amended to reflect that.

CON: Section three of the bill should not be prescriptive. The institutions should be given more flexibility to reach the compensation reduction targets for classified employees.

OTHER: Salary reduction targets for institutions of higher education should apply only to employees in positions funded by the General Fund. Institutions of higher education need to be given more flexibility to achieve these cuts. All employees should be treated equally in these reductions. Regrettably, the funding situation for classified positions is too complicated to allow the effective use of reduced schedules, layoffs will need to be used instead. The agricultural commodity commissions are privately funded and should be excluded from this bill. The positions in the Department of Natural Resources that generate revenue through harvesting resources should be excluded from this bill, otherwise a $3.4 million salary savings will cost $13.2 million in lost revenue.

Persons Testifying: PRO: Dennis Eagle, Washington Federation of State Employees; Julie Murray, Office of Financial Management.

CON: Doug Nelson, Public School Employees.

OTHER: John Boesenberg, State Board for Community and Technical Colleges; Sherry Burkey, Western Washington University; Jack Field, Washington Cattlemen's Association; Margaret Shepherd, University of Washington; Lani Todd, Service Employees International Union; Lenny Young, Department of Natural Resources.