

SENATE BILL REPORT

SB 5979

As of February 25, 2015

Title: An act relating to providing salary increases in the form of flat dollar monthly increases calculated using the state average wage determined under RCW 50.04.355

Brief Description: Providing salary increases in the form of flat dollar monthly increases calculated using the state average wage determined under RCW 50.04.355.

Sponsors: Senator Braun.

Brief History:

Committee Activity: Ways & Means: 2/24/15.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Pete Cutler (786-7474)

Background: State law requires the Washington State Employment Security Department (ESD) to compute by June of each year an average annual wage for the prior calendar year, based on the total remuneration reported by all employers covered by the unemployment insurance program, and the average number of all workers reported by those employers for all months. The Washington State average annual wage for 2013 was \$52,635.

The Personnel System Reform Act of 2002 allows for collective bargaining of wages, hours, and working conditions between bargaining representatives of state employees and the Governor. Other statutes authorize collective bargaining for employees of community college districts and four-year institutions of higher education. The State Human Resources Office within the Office of Financial Management (OFM) manages state salary schedules for both represented and non-represented employees.

Current statutes do not impose limitations on how general wage increases may be structured in collective bargaining agreements. Most often they are provided as a uniform percentage increase for all positions covered by an agreement and are implemented by providing that percentage increase to all the ranges and steps of the salary schedules that apply to the represented employees. Lower-paid positions on the salary schedule receive smaller dollar amount increases compared to higher-paid positions. General salary increases can also be provided in the form of a uniform flat dollar increase for all positions, which has the effect of providing larger percentage increases to lower-paid positions than to higher-paid positions.

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.

In addition to wage increases provided through collective bargaining, RCW 41.06.152 also gives the director of OFM limited authority to approve salary adjustments to address documented recruitment or retention difficulties for specific job classes.

Summary of Bill: Beginning July 1, 2015, general salary or wage increases included in collective bargaining agreements for most state and higher education employees, including community college academic employees and faculty of four-year institutions of higher education, must be calculated as percentage increase in the state average wage, and provided as a monthly flat dollar increase to the persons covered by the agreement. For example a 1 percent general salary increase would be calculated as 1 percent of the state average wage ($\$52,635 \times .01 = \526) and paid as a monthly flat dollar increase ($\$526/12 = \43.86 per month) to all positions covered by the agreement. The requirement also applies to general salary increases provided to state employees not covered by collective bargaining agreements.

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, 2015.