

SENATE BILL REPORT

SB 5979

As Reported by Senate Committee On:
Ways & Means, February 26, 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, 2/26/15 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5979 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Bailey, Becker, Brown, Hewitt, O'Ban, Parlette, Schoesler and Warnick.

Minority Report: Do not pass.

Signed by Senators Hargrove, Ranking Member; Conway, Fraser and Hasegawa.

Minority Report: That it be referred without recommendation.

Signed by Senators Keiser, Assistant Ranking Member on the Capital Budget; Billig, Hatfield, Kohl-Welles and Rolfes.

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

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.

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.

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 (Recommended Substitute): General salary or wage increases negotiated after July 1, 2015, for collective bargaining agreements covering most state and higher education employee groups, including community college academic employees and faculty of four-year institutions of higher education, must be provided in the form of an identical dollar increase for all positions covered by the agreement. The agreement must also state how much of a percentage increase the general salary or wage increase would be for a person whose salary was equal to the state average wage. For example a general annual salary increase of \$526 would provide a 1 percent increase to a person whose annual salary was equal to the state average wage ($\$52,635 \times .01 = \526). The requirement also applies to general salary increases provided to state employees not covered by collective bargaining agreements.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): The requirement that salary increases be provided as flat dollar increases is edited to make it easier to understand. No substantive changes were made.

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.

Staff Summary of Public Testimony on Original Bill: None.

Persons Testifying: No one.