
ENGROSSED SUBSTITUTE SENATE BILL 5860

State of Washington 62nd Legislature 2011 1st Special Session

By Senate Ways & Means (originally sponsored by Senator Murray; by request of Office of Financial Management)

READ FIRST TIME 05/23/11.

1 AN ACT Relating to temporary compensation reductions for state
2 government employees during the 2011-2013 fiscal biennium; amending RCW
3 43.03.030, 41.60.150, 41.06.560, 41.04.340, and 43.01.041; reenacting
4 and amending RCW 41.06.070, 41.06.133, 41.06.500, and 43.03.040; adding
5 a new section to chapter 41.04 RCW; adding a new section to chapter
6 43.03 RCW; creating new sections; providing an effective date; and
7 declaring an emergency.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.04 RCW
10 to read as follows:

11 (1) Except as provided in this section, from July 1, 2011, through
12 June 29, 2013, base salaries are reduced three percent for all state
13 employees of the executive, legislative, and judicial branches,
14 including those employees in the Washington management service and
15 employees not subject to the provisions of chapter 41.06 RCW.

16 (2) The following employees of the executive, legislative, and
17 judicial branches are not subject to subsection (1) of this section:

18 (a) Elected officials whose salaries are set by the commission on
19 salaries for elected officials;

1 (b) Employees at state institutions of higher education;

2 (c) Certificated employees of the state school for the blind and
3 the center for childhood deafness and hearing loss;

4 (d) Commissioned officers of the Washington state patrol
5 represented by the state patrol troopers association and the Washington
6 state patrol lieutenants association;

7 (e) Represented ferry workers of the Washington state department of
8 transportation; and

9 (f) Employees whose monthly full-time equivalent salary is less
10 than two thousand five hundred dollars per month.

11 (3) Except as provided in subsection (4) of this section, if an
12 employee subject to the three percent salary reduction under subsection
13 (1) of this section is entitled to leave, the employee will receive
14 temporary salary reduction leave of up to five and two-tenths hours per
15 month. The director of the department of personnel shall adopt rules
16 governing the accrual and use of temporary salary reduction leave for
17 nonrepresented employees. For represented employees, the accrual and
18 use of temporary salary reduction leave shall be in accordance with the
19 provisions of the collective bargaining agreements.

20 (4) If provisions of collective bargaining agreements prevent the
21 implementation of subsection (1) of this section, agencies of the
22 executive, legislative, and judicial branches shall achieve a three
23 percent salary reduction for each employee through employee leave
24 without pay, mandatory and voluntary temporary layoffs, reduced work
25 hours, or other actions consistent with collective bargaining
26 agreements. This subsection does not prohibit an agency from granting
27 temporary salary reduction leave for employees entitled to leave in
28 accordance with subsection (3) of this section.

29 (5) Subsection (2) of this section does not prohibit employers of
30 the executive, legislative, and judicial branches from implementing a
31 salary reduction for employees exempted under subsection (2) of this
32 section. Employers of the executive, legislative, and judicial
33 branches are encouraged to implement a salary reduction for employees
34 exempted under subsection (2) of this section, except for those
35 employees whose monthly full-time equivalent salary is less than two
36 thousand five hundred dollars per month.

37 (6) Subsection (2) of this section does not prohibit elected

1 officials whose salaries are set by the commission on salaries for
2 elected officials to voluntarily agree to a reduction in salary and
3 elected officials are encouraged to take such action.

4 (7) This section does not prohibit a state agency or institution
5 during the 2011-2013 fiscal biennium from instituting reduced work
6 hours, mandatory or voluntary leave without pay, reductions in
7 salaries, or temporary layoffs as an integral part of the employer's
8 expenditure reduction efforts, as certified by the employer. This
9 subsection must be implemented consistent with collective bargaining
10 agreements.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.03 RCW
12 to read as follows:

13 (1) From July 1, 2011, through June 29, 2013, any state elected
14 official of the executive branch may voluntarily reduce his or her
15 salary from that established pursuant to Article XXVIII, section 1 of
16 the state Constitution by three percent.

17 (2) The department of personnel and office of financial management
18 shall develop a form to be used by any state elected official of the
19 executive branch to execute the salary reduction under subsection (1)
20 of this section through the state's central personnel payroll system.

21 (3) A voluntary reduction in salary shall be effective and continue
22 through June 29, 2013, unless the state elected official of the
23 executive branch directs in writing that the department of personnel
24 discontinue the reduction.

25 NEW SECTION. **Sec. 3.** (1) Except as provided in this section,
26 institutions of higher education are to achieve compensation reductions
27 as specifically set forth in the 2011-2013 fiscal biennium omnibus
28 appropriations act.

29 (2) Student employees and employees whose monthly full-time
30 equivalent salary is less than two thousand five hundred dollars per
31 month are not subject to subsection (1) of this section.

32 (3) This section does not prohibit institutions of higher education
33 from implementing temporary salary reduction leave for employees who
34 are entitled to leave.

1 **Sec. 4.** RCW 41.06.070 and 2010 c 271 s 801, 2010 c 2 s 2, and 2010
2 c 1 s 1 are each reenacted and amended to read as follows:

3 (1) The provisions of this chapter do not apply to:

4 (a) The members of the legislature or to any employee of, or
5 position in, the legislative branch of the state government including
6 members, officers, and employees of the legislative council, joint
7 legislative audit and review committee, statute law committee, and any
8 interim committee of the legislature;

9 (b) The justices of the supreme court, judges of the court of
10 appeals, judges of the superior courts or of the inferior courts, or to
11 any employee of, or position in the judicial branch of state
12 government;

13 (c) Officers, academic personnel, and employees of technical
14 colleges;

15 (d) The officers of the Washington state patrol;

16 (e) Elective officers of the state;

17 (f) The chief executive officer of each agency;

18 (g) In the departments of employment security and social and health
19 services, the director and the director's confidential secretary; in
20 all other departments, the executive head of which is an individual
21 appointed by the governor, the director, his or her confidential
22 secretary, and his or her statutory assistant directors;

23 (h) In the case of a multimember board, commission, or committee,
24 whether the members thereof are elected, appointed by the governor or
25 other authority, serve ex officio, or are otherwise chosen:

26 (i) All members of such boards, commissions, or committees;

27 (ii) If the members of the board, commission, or committee serve on
28 a part-time basis and there is a statutory executive officer: The
29 secretary of the board, commission, or committee; the chief executive
30 officer of the board, commission, or committee; and the confidential
31 secretary of the chief executive officer of the board, commission, or
32 committee;

33 (iii) If the members of the board, commission, or committee serve
34 on a full-time basis: The chief executive officer or administrative
35 officer as designated by the board, commission, or committee; and a
36 confidential secretary to the chair of the board, commission, or
37 committee;

1 (iv) If all members of the board, commission, or committee serve ex
2 officio: The chief executive officer; and the confidential secretary
3 of such chief executive officer;

4 (i) The confidential secretaries and administrative assistants in
5 the immediate offices of the elective officers of the state;

6 (j) Assistant attorneys general;

7 (k) Commissioned and enlisted personnel in the military service of
8 the state;

9 (l) Inmate, student, part-time, or temporary employees, and part-
10 time professional consultants, as defined by the Washington personnel
11 resources board;

12 (m) The public printer or to any employees of or positions in the
13 state printing plant;

14 (n) Officers and employees of the Washington state fruit
15 commission;

16 (o) Officers and employees of the Washington apple commission;

17 (p) Officers and employees of the Washington state dairy products
18 commission;

19 (q) Officers and employees of the Washington tree fruit research
20 commission;

21 (r) Officers and employees of the Washington state beef commission;

22 (s) Officers and employees of the Washington grain commission;

23 (t) Officers and employees of any commission formed under chapter
24 15.66 RCW;

25 (u) Officers and employees of agricultural commissions formed under
26 chapter 15.65 RCW;

27 ~~((Officers and employees of the nonprofit corporation formed
28 under chapter 67.40 RCW;~~

29 ~~(w))~~ Executive assistants for personnel administration and labor
30 relations in all state agencies employing such executive assistants
31 including but not limited to all departments, offices, commissions,
32 committees, boards, or other bodies subject to the provisions of this
33 chapter and this subsection shall prevail over any provision of law
34 inconsistent herewith unless specific exception is made in such law;

35 ~~((x))~~ (w) In each agency with fifty or more employees: Deputy
36 agency heads, assistant directors or division directors, and not more
37 than three principal policy assistants who report directly to the
38 agency head or deputy agency heads;

1 ~~((y))~~ (x) All employees of the marine employees' commission;
2 ~~((z))~~ (y) Staff employed by the department of commerce to
3 administer energy policy functions;
4 ~~((aa))~~ (z) The manager of the energy facility site evaluation
5 council;
6 ~~((bb))~~ (aa) A maximum of ten staff employed by the department of
7 commerce to administer innovation and policy functions, including the
8 three principal policy assistants exempted under ~~((x))~~ (w) of this
9 subsection;
10 ~~((ee))~~ (bb) Staff employed by Washington State University to
11 administer energy education, applied research, and technology transfer
12 programs under RCW 43.21F.045 as provided in RCW 28B.30.900(5).
13 (2) The following classifications, positions, and employees of
14 institutions of higher education and related boards are hereby exempted
15 from coverage of this chapter:
16 (a) Members of the governing board of each institution of higher
17 education and related boards, all presidents, vice presidents, and
18 their confidential secretaries, administrative, and personal
19 assistants; deans, directors, and chairs; academic personnel; and
20 executive heads of major administrative or academic divisions employed
21 by institutions of higher education; principal assistants to executive
22 heads of major administrative or academic divisions; other managerial
23 or professional employees in an institution or related board having
24 substantial responsibility for directing or controlling program
25 operations and accountable for allocation of resources and program
26 results, or for the formulation of institutional policy, or for
27 carrying out personnel administration or labor relations functions,
28 legislative relations, public information, development, senior computer
29 systems and network programming, or internal audits and investigations;
30 and any employee of a community college district whose place of work is
31 one which is physically located outside the state of Washington and who
32 is employed pursuant to RCW 28B.50.092 and assigned to an educational
33 program operating outside of the state of Washington;
34 (b) The governing board of each institution, and related boards,
35 may also exempt from this chapter classifications involving research
36 activities, counseling of students, extension or continuing education
37 activities, graphic arts or publications activities requiring
38 prescribed academic preparation or special training as determined by

1 the board: PROVIDED, That no nonacademic employee engaged in office,
2 clerical, maintenance, or food and trade services may be exempted by
3 the board under this provision;

4 (c) Printing craft employees in the department of printing at the
5 University of Washington.

6 (3) In addition to the exemptions specifically provided by this
7 chapter, the director of personnel may provide for further exemptions
8 pursuant to the following procedures. The governor or other
9 appropriate elected official may submit requests for exemption to the
10 director of personnel stating the reasons for requesting such
11 exemptions. The director of personnel shall hold a public hearing,
12 after proper notice, on requests submitted pursuant to this subsection.
13 If the director determines that the position for which exemption is
14 requested is one involving substantial responsibility for the
15 formulation of basic agency or executive policy or one involving
16 directing and controlling program operations of an agency or a major
17 administrative division thereof, the director of personnel shall grant
18 the request and such determination shall be final as to any decision
19 made before July 1, 1993. The total number of additional exemptions
20 permitted under this subsection shall not exceed one percent of the
21 number of employees in the classified service not including employees
22 of institutions of higher education and related boards for those
23 agencies not directly under the authority of any elected public
24 official other than the governor, and shall not exceed a total of
25 twenty-five for all agencies under the authority of elected public
26 officials other than the governor.

27 The salary and fringe benefits of all positions presently or
28 hereafter exempted except for the chief executive officer of each
29 agency, full-time members of boards and commissions, administrative
30 assistants and confidential secretaries in the immediate office of an
31 elected state official, and the personnel listed in subsections (1)(j)
32 through ~~((+v))~~ (u) and ~~((+y))~~ (x) and (2) of this section, shall be
33 determined by the director of personnel. Changes to the classification
34 plan affecting exempt salaries must meet the same provisions for
35 classified salary increases resulting from adjustments to the
36 classification plan as outlined in RCW 41.06.152.

37 From July 1, 2011, through June 29, 2013, salaries for all

1 positions exempt from classification under this chapter are subject to
2 section 1 of this act.

3 From February 18, 2009, through June 30, (~~(2011)~~) 2013, a salary or
4 wage increase shall not be granted to any position exempt from
5 classification under this chapter, except that a salary or wage
6 increase may be granted to employees pursuant to collective bargaining
7 agreements negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW,
8 (~~(or negotiated by the nonprofit corporation formed under chapter 67.40~~
9 ~~RCW,~~) and except that increases may be granted for positions for which
10 the employer has demonstrated difficulty retaining qualified employees
11 if the following conditions are met:

12 (a) The salary increase can be paid within existing resources;
13 (~~and~~)

14 (b) The salary increase will not adversely impact the provision of
15 client services; and

16 (c) For any state agency of the executive branch, not including
17 institutions of higher education, the salary increase is approved by
18 the director of the office of financial management.

19 Any agency granting a salary increase from February 15, 2010,
20 through June 30, 2011, to a position exempt from classification under
21 this chapter shall submit a report to the fiscal committees of the
22 legislature no later than July 31, 2011, detailing the positions for
23 which salary increases were granted, the size of the increases, and the
24 reasons for giving the increases.

25 Any agency granting a salary increase from July 1, 2011, through
26 June 30, 2013, to a position exempt from classification under this
27 chapter shall submit a report to the fiscal committees of the
28 legislature by July 31, 2012, and July 31, 2013, detailing the
29 positions for which salary increases were granted during the preceding
30 fiscal year, the size of the increases, and the reasons for giving the
31 increases.

32 Any person holding a classified position subject to the provisions
33 of this chapter shall, when and if such position is subsequently
34 exempted from the application of this chapter, be afforded the
35 following rights: If such person previously held permanent status in
36 another classified position, such person shall have a right of
37 reversion to the highest class of position previously held, or to a
38 position of similar nature and salary.

1 Any classified employee having civil service status in a classified
2 position who accepts an appointment in an exempt position shall have
3 the right of reversion to the highest class of position previously
4 held, or to a position of similar nature and salary.

5 A person occupying an exempt position who is terminated from the
6 position for gross misconduct or malfeasance does not have the right of
7 reversion to a classified position as provided for in this section.

8 From February 15, 2010, until June 30, (~~2011~~) 2013, no monetary
9 performance-based awards or incentives may be granted by the director
10 or employers to employees covered by rules adopted under this section.
11 This subsection does not prohibit the payment of awards provided for in
12 chapter 41.60 RCW.

13 From July 1, 2011, until June 30, 2013, no performance-based awards
14 or incentives may be granted by the director or employers to employees
15 pursuant to a performance management confirmation granted by the
16 department of personnel under WAC 357-37-055.

17 **Sec. 5.** RCW 41.06.133 and 2010 c 2 s 3 and 2010 c 1 s 2 are each
18 reenacted and amended to read as follows:

19 (1) The director shall adopt rules, consistent with the purposes
20 and provisions of this chapter and with the best standards of personnel
21 administration, regarding the basis and procedures to be followed for:

22 (a) The reduction, dismissal, suspension, or demotion of an
23 employee;

24 (b) Training and career development;

25 (c) Probationary periods of six to twelve months and rejections of
26 probationary employees, depending on the job requirements of the class,
27 except that entry level state park rangers shall serve a probationary
28 period of twelve months;

29 (d) Transfers;

30 (e) Promotional preferences;

31 (f) Sick leaves and vacations;

32 (g) Hours of work;

33 (h) Layoffs when necessary and subsequent reemployment, except for
34 the financial basis for layoffs;

35 (i) The number of names to be certified for vacancies;

36 (j) Subject to section 1 of this act, adoption and revision of a
37 state salary schedule to reflect the prevailing rates in Washington

1 state private industries and other governmental units. The rates in
2 the salary schedules or plans shall be increased if necessary to attain
3 comparable worth under an implementation plan under RCW 41.06.155 and,
4 for institutions of higher education and related boards, shall be
5 competitive for positions of a similar nature in the state or the
6 locality in which an institution of higher education or related board
7 is located. Such adoption and revision is subject to approval by the
8 director of financial management in accordance with chapter 43.88 RCW;

9 (k) Increment increases within the series of steps for each pay
10 grade based on length of service for all employees whose standards of
11 performance are such as to permit them to retain job status in the
12 classified service. From February 18, 2009, through June 30, ~~((2011))~~
13 2013, a salary or wage increase shall not be granted to any exempt
14 position under this chapter, except that a salary or wage increase may
15 be granted to employees pursuant to collective bargaining agreements
16 negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW, ~~((or~~
17 ~~negotiated by the nonprofit corporation formed under chapter 67.40~~
18 ~~RCW,))~~ and except that increases may be granted for positions for which
19 the employer has demonstrated difficulty retaining qualified employees
20 if the following conditions are met:

21 (i) The salary increase can be paid within existing resources;
22 ~~((and))~~

23 (ii) The salary increase will not adversely impact the provision of
24 client services; and

25 (iii) For any state agency of the executive branch, not including
26 institutions of higher education, the salary increase is approved by
27 the director of the office of financial management;

28 Any agency granting a salary increase from February 15, 2010,
29 through June 30, 2011, to a position exempt under this chapter shall
30 submit a report to the fiscal committees of the legislature no later
31 than July 31, 2011, detailing the positions for which salary increases
32 were granted, the size of the increases, and the reasons for giving the
33 increases;

34 Any agency granting a salary increase from July 1, 2011, through
35 June 30, 2013, to a position exempt under this chapter shall submit a
36 report to the fiscal committees of the legislature by July 31, 2012,
37 and July 31, 2013, detailing the positions for which salary increases

1 were granted during the preceding fiscal year, the size of the
2 increases, and the reasons for giving the increases;

3 (l) Optional lump sum relocation compensation approved by the
4 agency director, whenever it is reasonably necessary that a person make
5 a domiciliary move in accepting a transfer or other employment with the
6 state. An agency must provide lump sum compensation within existing
7 resources. If the person receiving the relocation payment terminates
8 or causes termination with the state, for reasons other than layoff,
9 disability separation, or other good cause as determined by an agency
10 director, within one year of the date of the employment, the state is
11 entitled to reimbursement of the lump sum compensation from the person;

12 (m) Providing for veteran's preference as required by existing
13 statutes, with recognition of preference in regard to layoffs and
14 subsequent reemployment for veterans and their surviving spouses by
15 giving such eligible veterans and their surviving spouses additional
16 credit in computing their seniority by adding to their unbroken state
17 service, as defined by the director, the veteran's service in the
18 military not to exceed five years. For the purposes of this section,
19 "veteran" means any person who has one or more years of active military
20 service in any branch of the armed forces of the United States or who
21 has less than one year's service and is discharged with a disability
22 incurred in the line of duty or is discharged at the convenience of the
23 government and who, upon termination of such service, has received an
24 honorable discharge, a discharge for physical reasons with an honorable
25 record, or a release from active military service with evidence of
26 service other than that for which an undesirable, bad conduct, or
27 dishonorable discharge shall be given. However, the surviving spouse
28 of a veteran is entitled to the benefits of this section regardless of
29 the veteran's length of active military service. For the purposes of
30 this section, "veteran" does not include any person who has voluntarily
31 retired with twenty or more years of active military service and whose
32 military retirement pay is in excess of five hundred dollars per month.

33 (2) Rules adopted under this section by the director shall provide
34 for local administration and management by the institutions of higher
35 education and related boards, subject to periodic audit and review by
36 the director.

37 (3) Rules adopted by the director under this section may be
38 superseded by the provisions of a collective bargaining agreement

1 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The
2 supersession of such rules shall only affect employees in the
3 respective collective bargaining units.

4 (4)(a) The director shall require that each state agency report
5 annually the following data:

6 (i) The number of classified, Washington management service, and
7 exempt employees in the agency and the change compared to the previous
8 report;

9 (ii) The number of bonuses and performance-based incentives awarded
10 to agency staff and the base wages of such employees; and

11 (iii) The cost of each bonus or incentive awarded.

12 (b) A report that compiles the data in (a) of this subsection for
13 all agencies will be provided annually to the governor and the
14 appropriate committees of the legislature and must be posted for the
15 public on the department of personnel's agency web site.

16 (5) From February 15, 2010, until June 30, (~~2011~~) 2013, no
17 monetary performance-based awards or incentives may be granted by the
18 director or employers to employees covered by rules adopted under this
19 section. This subsection does not prohibit the payment of awards
20 provided for in chapter 41.60 RCW.

21 From July 1, 2011, until June 30, 2013, no performance-based awards
22 or incentives may be granted by the director or employers to employees
23 pursuant to a performance management confirmation granted by the
24 department of personnel under WAC 357-37-055.

25 **Sec. 6.** RCW 41.06.500 and 2010 c 2 s 4 and 2010 c 1 s 3 are each
26 reenacted and amended to read as follows:

27 (1) Except as provided in RCW 41.06.070 and subject to section 1 of
28 this act, notwithstanding any other provisions of this chapter, the
29 director is authorized to adopt, after consultation with state agencies
30 and employee organizations, rules for managers as defined in RCW
31 41.06.022. These rules shall not apply to managers employed by
32 institutions of higher education or related boards or whose positions
33 are exempt. The rules shall govern recruitment, appointment,
34 classification and allocation of positions, examination, training and
35 career development, hours of work, probation, certification,
36 compensation, transfer, affirmative action, promotion, layoff,
37 reemployment, performance appraisals, discipline, and any and all other

1 personnel practices for managers. These rules shall be separate from
2 rules adopted for other employees, and to the extent that the rules
3 adopted under this section apply only to managers shall take precedence
4 over rules adopted for other employees, and are not subject to review
5 by the board.

6 (2) In establishing rules for managers, the director shall adhere
7 to the following goals:

8 (a) Development of a simplified classification system that
9 facilitates movement of managers between agencies and promotes upward
10 mobility;

11 (b) Creation of a compensation system that provides flexibility in
12 setting and changing salaries, and shall require review and approval by
13 the director in the case of any salary changes greater than five
14 percent proposed for any group of employees;

15 (c) Establishment of a performance appraisal system that emphasizes
16 individual accountability for program results and efficient management
17 of resources; effective planning, organization, and communication
18 skills; valuing and managing workplace diversity; development of
19 leadership and interpersonal abilities; and employee development;

20 (d) Strengthening management training and career development
21 programs that build critical management knowledge, skills, and
22 abilities; focusing on managing and valuing workplace diversity;
23 empowering employees by enabling them to share in workplace decision
24 making and to be innovative, willing to take risks, and able to accept
25 and deal with change; promoting a workplace where the overall focus is
26 on the recipient of the government services and how these services can
27 be improved; and enhancing mobility and career advancement
28 opportunities;

29 (e) Permitting flexible recruitment and hiring procedures that
30 enable agencies to compete effectively with other employers, both
31 public and private, for managers with appropriate skills and training;
32 allowing consideration of all qualified candidates for positions as
33 managers; and achieving affirmative action goals and diversity in the
34 workplace;

35 (f) Providing that managers may only be reduced, dismissed,
36 suspended, or demoted for cause; and

37 (g) Facilitating decentralized and regional administration.

1 (3) From February 18, 2009, through June 30, ((2011)) 2013, a
2 salary or wage increase shall not be granted to any position under this
3 section, except that increases may be granted for positions for which
4 the employer has demonstrated difficulty retaining qualified employees
5 if the following conditions are met:

6 (a) The salary increase can be paid within existing resources;
7 ((and))

8 (b) The salary increase will not adversely impact the provision of
9 client services; and

10 (c) For any state agency of the executive branch, not including
11 institutions of higher education, the salary increase is approved by
12 the director of the office of financial management.

13 Any agency granting a salary increase from February 15, 2010,
14 through June 30, 2011, to a position under this section shall submit a
15 report to the fiscal committees of the legislature no later than July
16 31, 2011, detailing the positions for which salary increases were
17 granted, the size of the increases, and the reasons for giving the
18 increases.

19 Any agency granting a salary increase from July 1, 2011, through
20 June 30, 2013, to a position under this section shall submit a report
21 to the fiscal committees of the legislature by July 31, 2012, and July
22 31, 2013, detailing the positions for which salary increases were
23 granted during the preceding fiscal year, the size of the increases,
24 and the reasons for giving the increases.

25 (4) From February 15, 2010, until June 30, ((2011)) 2013, no
26 monetary performance-based awards or growth and development progression
27 adjustments may be granted by the director or employers to the
28 Washington management service employees covered by the rules adopted
29 under this section. This subsection does not prohibit the payment of
30 awards provided for in chapter 41.60 RCW.

31 From July 1, 2011, until June 30, 2013, no performance-based awards
32 or incentives may be granted by the director or employers to employees
33 pursuant to a performance management confirmation granted by the
34 department of personnel under WAC 357-37-055.

35 From July 1, 2011, through June 29, 2013, salaries for all
36 positions under this section are subject to section 1 of this act.

1 **Sec. 7.** RCW 43.03.030 and 2010 c 1 s 4 are each amended to read as
2 follows:

3 (1) Wherever the compensation of any appointive state officer or
4 employee is fixed by statute, it may be hereafter increased or
5 decreased in the manner provided by law for the fixing of compensation
6 of other appointive state officers or employees; but this subsection
7 shall not apply to the heads of state departments.

8 (2) Wherever the compensation of any state officer appointed by the
9 governor, or of any employee in any office or department under the
10 control of any such officer, is fixed by statute, such compensation may
11 hereafter, from time to time, be changed by the governor, and he or she
12 shall have power to fix such compensation at any amount not to exceed
13 the amount fixed by statute.

14 (3) From February 18, 2009, through June 30, (~~2011~~) 2013, a
15 salary or wage increase shall not be granted to any position under this
16 section, except that increases may be granted for positions for which
17 the employer has demonstrated difficulty retaining qualified employees
18 if the following conditions are met:

19 (a) The salary increase can be paid within existing resources;
20 (~~and~~)

21 (b) The salary increase will not adversely impact the provision of
22 client services; and

23 (c) For any state agency of the executive branch, not including
24 institutions of higher education, the salary increase is approved by
25 the director of the office of financial management.

26 Any agency granting a salary increase from February 15, 2010,
27 through June 30, 2011, to a position exempt under this section shall
28 submit a report to the fiscal committees of the legislature no later
29 than July 31, 2011, detailing the positions for which salary increases
30 were granted, the size of the increases, and the reasons for giving the
31 increases.

32 Any agency granting a salary increase from July 1, 2011, through
33 June 30, 2013, to a position exempt under this section shall submit a
34 report to the fiscal committees of the legislature by July 31, 2012,
35 and July 31, 2013, detailing the positions for which salary increases
36 were granted during the preceding fiscal year, the size of the
37 increases, and the reasons for giving the increases.

1 From July 1, 2011, through June 29, 2013, salaries for all
2 positions under this section are subject to section 1 of this act.

3 **Sec. 8.** RCW 43.03.040 and 2010 1st sp.s. c 7 s 5 and 2010 c 1 s 5
4 are each reenacted and amended to read as follows:

5 Subject to section 1 of this act, the directors of the several
6 departments and members of the several boards and commissions, whose
7 salaries are fixed by the governor and the chief executive officers of
8 the agencies named in RCW 43.03.028(1) as now or hereafter amended
9 shall each severally receive such salaries, payable in monthly
10 installments, as shall be fixed by the governor or the appropriate
11 salary fixing authority, in an amount not to exceed the recommendations
12 of the department of personnel. From February 18, 2009, through June
13 30, ~~((2011))~~ 2013, a salary or wage increase shall not be granted to
14 any position under this section, except that increases may be granted
15 for positions for which the employer has demonstrated difficulty
16 retaining qualified employees if the following conditions are met:

17 (1) The salary increase can be paid within existing resources;
18 ~~((and))~~

19 (2) The salary increase will not adversely impact the provision
20 ~~((toef))~~ of client services; and

21 (3) For any state agency of the executive branch, not including
22 institutions of higher education, the salary increase is approved by
23 the director of the office of financial management.

24 Any agency granting a salary increase from February 15, 2010,
25 through June 30, 2011, to a position under this section shall submit a
26 report to the fiscal committees of the legislature no later than July
27 31, 2011, detailing the positions for which salary increases were
28 granted, the size of the increases, and the reasons for giving the
29 increases.

30 Any agency granting a salary increase from July 1, 2011, through
31 June 30, 2013, to a position under this section shall submit a report
32 to the fiscal committees of the legislature by July 31, 2012, and July
33 31, 2013, detailing the positions for which salary increases were
34 granted during the preceding fiscal year, the size of the increases,
35 and the reasons for giving the increases.

1 **Sec. 9.** RCW 41.60.150 and 2010 c 1 s 6 are each amended to read as
2 follows:

3 Other than suggestion awards and incentive pay unit awards,
4 agencies shall have the authority to recognize employees, either
5 individually or as a class, for accomplishments including outstanding
6 achievements, safety performance, longevity, outstanding public
7 service, or service as employee suggestion evaluators and implementors.
8 Recognition awards may not exceed two hundred dollars in value per
9 award. Such awards may include, but not be limited to, cash or such
10 items as pen and desk sets, plaques, pins, framed certificates, clocks,
11 and calculators. Award costs shall be paid by the agency giving the
12 award. From February 15, 2010, through June 30, (~~2011~~) 2013,
13 recognition awards may not be given in the form of cash or cash
14 equivalents such as gift certificates or gift cards.

15 NEW SECTION. **Sec. 10.** (1) Notwithstanding sections 4 through 8 of
16 this act, during the 2011-2013 fiscal biennium institutions of higher
17 education may grant a wage or salary increase for additional academic
18 responsibilities during the summer quarter if the following conditions
19 are met:

20 (a) The salary increase can be paid within existing resources; and
21 (b) The salary increase will not adversely impact the provision of
22 client services.

23 (2) Any institution granting a wage or salary increase under this
24 section from July 1, 2011, through June 30, 2013, shall submit a report
25 to the fiscal committees of the legislature by July 31, 2012, and July
26 31, 2013, detailing the positions for which salary increases were
27 granted, the size of the increases, and the reasons for giving the
28 increases.

29 **Sec. 11.** RCW 41.06.560 and 2010 c 2 s 6 are each amended to read
30 as follows:

31 From February 15, 2010, until June 30, (~~2011~~) 2013, no monetary
32 performance-based awards or incentives may be granted by the director
33 or employers to employees covered by rules adopted under this section.
34 This section does not prohibit the payment of awards provided for in
35 chapter 41.60 RCW.

1 From July 1, 2011, until June 30, 2013, no performance-based awards
2 or incentives may be granted by the director or employers to employees
3 pursuant to a performance management confirmation granted by the
4 department of personnel under WAC 357-37-055.

5 **Sec. 12.** RCW 41.04.340 and 2002 c 354 s 227 are each amended to
6 read as follows:

7 (1) An attendance incentive program is established for all eligible
8 employees. As used in this section the term "eligible employee" means
9 any employee of the state, other than eligible employees of the
10 community and technical colleges and the state board for community and
11 technical colleges identified in RCW 28B.50.553, and teaching and
12 research faculty at the state and regional universities and The
13 Evergreen State College, entitled to accumulate sick leave and for whom
14 accurate sick leave records have been maintained. No employee may
15 receive compensation under this section for any portion of sick leave
16 accumulated at a rate in excess of one day per month. The state and
17 regional universities and The Evergreen State College shall maintain
18 complete and accurate sick leave records for all teaching and research
19 faculty.

20 (2) In January of the year following any year in which a minimum of
21 sixty days of sick leave is accrued, and each January thereafter, any
22 eligible employee may receive remuneration for unused sick leave
23 accumulated in the previous year at a rate equal to one day's monetary
24 compensation of the employee for each four full days of accrued sick
25 leave in excess of sixty days. Sick leave for which compensation has
26 been received shall be deducted from accrued sick leave at the rate of
27 four days for every one day's monetary compensation.

28 From July 1, 2011, through June 29, 2013, the rate of monetary
29 compensation for the purposes of this subsection shall not be reduced
30 by any temporary salary reduction.

31 (3) At the time of separation from state service due to retirement
32 or death, an eligible employee or the employee's estate may elect to
33 receive remuneration at a rate equal to one day's current monetary
34 compensation of the employee for each four full days of accrued sick
35 leave. From July 1, 2011, through June 29, 2013, the rate of monetary
36 compensation for the purposes of this subsection shall not be reduced
37 by any temporary salary reduction.

1 (4) Remuneration or benefits received under this section shall not
2 be included for the purpose of computing a retirement allowance under
3 any public retirement system in this state.

4 (5) Except as provided in subsections (7) through (9) of this
5 section for employees not covered by chapter 41.06 RCW, this section
6 shall be administered, and rules shall be adopted to carry out its
7 purposes, by the director of personnel for persons subject to chapter
8 41.06 RCW: PROVIDED, That determination of classes of eligible
9 employees shall be subject to approval by the office of financial
10 management.

11 (6) Should the legislature revoke any remuneration or benefits
12 granted under this section, no affected employee shall be entitled
13 thereafter to receive such benefits as a matter of contractual right.

14 (7) In lieu of remuneration for unused sick leave at retirement as
15 provided in subsection (3) of this section, an agency head or designee
16 may with equivalent funds, provide eligible employees with a benefit
17 plan that provides for reimbursement for medical expenses. This plan
18 shall be implemented only after consultation with affected groups of
19 employees. For eligible employees covered by chapter 41.06 RCW,
20 procedures for the implementation of these plans shall be adopted by
21 the director of personnel. For eligible employees exempt from chapter
22 41.06 RCW, and classified employees who have opted out of coverage of
23 chapter 41.06 RCW as provided in RCW 41.56.201, implementation
24 procedures shall be adopted by an agency head having jurisdiction over
25 the employees.

26 (8) Implementing procedures adopted by the director of personnel or
27 agency heads shall require that each medical expense plan authorized by
28 subsection (7) of this section apply to all eligible employees in any
29 one of the following groups: (a) Employees in an agency; (b) employees
30 in a major organizational subdivision of an agency; (c) employees at a
31 major operating location of an agency; (d) exempt employees under the
32 jurisdiction of an elected or appointed Washington state executive; (e)
33 employees of the Washington state senate; (f) employees of the
34 Washington state house of representatives; (g) classified employees in
35 a bargaining unit established by the director of personnel; or (h)
36 other group of employees defined by an agency head that is not designed
37 to provide an individual-employee choice regarding participation in a
38 medical expense plan. However, medical expense plans for eligible

1 employees in any of the groups under (a) through (h) of this subsection
2 who are covered by a collective bargaining agreement shall be
3 implemented only by written agreement with the bargaining unit's
4 exclusive representative and a separate medical expense plan may be
5 provided for unrepresented employees.

6 (9) Medical expense plans authorized by subsection (7) of this
7 section must require as a condition of participation in the plan that
8 employees in the group affected by the plan sign an agreement with the
9 employer. The agreement must include a provision to hold the employer
10 harmless should the United States government find that the employer or
11 the employee is in debt to the United States as a result of the
12 employee not paying income taxes due on the equivalent funds placed
13 into the plan, or as a result of the employer not withholding or
14 deducting a tax, assessment, or other payment on the funds as required
15 by federal law. The agreement must also include a provision that
16 requires an eligible employee to forfeit remuneration under subsection
17 (3) of this section if the employee belongs to a group that has been
18 designated to participate in the medical expense plan permitted under
19 this section and the employee refuses to execute the required
20 agreement.

21 **Sec. 13.** RCW 43.01.041 and 1985 c 292 s 1 are each amended to read
22 as follows:

23 Officers and employees referred to in RCW 43.01.040 whose
24 employment is terminated by their death, reduction in force,
25 resignation, dismissal, or retirement, and who have accrued vacation
26 leave as specified in RCW 43.01.040 or 43.01.044, shall be paid
27 therefor under their contract of employment, or their estate if they
28 are deceased, or if the employee in case of voluntary resignation has
29 provided adequate notice of termination. Annual leave accumulated
30 under RCW 43.01.044 is not to be included in the computation of
31 retirement benefits. From July 1, 2011, through June 29, 2013, the
32 amount of pay received by an employee under the provisions of this
33 section shall not be reduced by any temporary salary reduction.

34 Should the legislature revoke any benefits or rights provided under
35 chapter 292, Laws of 1985, no affected officer or employee shall be
36 entitled thereafter to receive such benefits or exercise such rights as
37 a matter of contractual right.

1 NEW SECTION. **Sec. 14.** The director of the department of personnel
2 and the director of the department of retirement systems shall adopt
3 rules as necessary to implement the temporary salary reductions.

4 NEW SECTION. **Sec. 15.** This act is necessary for the immediate
5 preservation of the public peace, health, or safety, or support of the
6 state government and its existing public institutions, and takes effect
7 July 1, 2011.

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