

SENATE BILL REPORT

SB 5048

As Reported By Senate Committee On:
Government Operations, February 7, 1995

Title: An act relating to disclosure of compensation for local government chief administrative officers.

Brief Description: Requiring disclosure of the total compensation of local government chief executive officers when that compensation exceeds one hundred thousand dollars.

Sponsors: Senators Haugen, Winsley and Pelz.

Brief History:

Committee Activity: Government Operations: 1/18/95, 2/7/95 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 5048 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Hale, Heavey, McCaslin and Winsley.

Staff: Eugene Green (786-7405)

Background: Elected officials have considerable latitude in setting chief administrative officer compensation. A final action setting compensation must take place in an open public meeting. However, negotiations for determining what a compensation package will contain normally take place in executive session, which is closed to the public. Therefore, although usually aware of the salary amount, the public does not know how much or what type of compensation is included in a total compensation package. Chief administrative officer compensation is sometimes considerably higher than a base salary. Additional compensation may come in the form of performance incentives, whole life insurance contributions, employer paid deferred tax annuities, vehicle allowances, and the like. The issue may be further complicated by the fact that a compensation package for a chief administrative officer may be adopted in parts, at separate times.

In 1992, the Office of State Auditor declared that taxpayers have a right to know what a chief administrative officer compensation package contains. The Office of State Auditor recommended that state law be changed to require yearly disclosure in open public meetings of the total compensation provided to chief administrative officers of local governments.

Summary of Substitute Bill: All local governments (cities, towns, counties, special purpose districts, school districts, or other municipal corporations or quasi-municipal corporations) must disclose annually, on a separate page in the budget, the total compensation paid to the chief administrative officer (as defined) when the total exceeds \$100,000 in any one calendar year. The total compensation is indexed to an inflator used by the Department of Revenue. Compensation elements not available to other employees must be identified. A change to

the compensation of the chief administrative officer, which is not available to all employees, must be identified as an agenda item and disclosed at an open public meeting.

The State Auditor shall establish and consult with a temporary committee to develop definitions and guidelines before September 1, 1994, to meet the intent and requirements of the act.

Substitute Bill Compared to Original Bill: It is clarified that only changes in the compensation of the chief administrative officer, which are not available to all employees, must be identified as an agenda item and disclosed at an open public meeting.

Nonrecurring items of compensation related to hiring or termination are made an agenda item at an open public meeting but not disclosed annually in the budget.

The definition of chief administrative officer is expanded to include those appointed by appointees of the governing authority.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: It is the public's right to know. It is our tax dollars.

Testimony Against: This could dissuade talented individuals from going into government.

Testified: Stan Finkelstein, AWC; Gary Lowe, Association of Washington Counties; David Arbaugh, Washington PUD Association; R. Thompson, Allied Dailies; Ellie Mendes, representing nurses.