

SENATE BILL REPORT

SB 5192

As Reported By Senate Committee On:
Transportation, March 4, 1997

Title: An act relating to interest on retroactive compensation increases to marine employees.

Brief Description: Paying interest on retroactive raises for ferry workers.

Sponsors: Senators Kohl, Wood, Haugen, Oke, Spanel, Sheldon and Prentice.

Brief History:

Committee Activity: Transportation: 2/4/97, 3/4/97 [DPS, DNP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5192 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prince, Chair; Wood, Vice Chair; Goings, Haugen, Heavey, Jacobsen, Patterson, Prentice and Rasmussen.

Minority Report: Do not pass.

Signed by Senators Horn and Morton.

Staff: Jennifer Joly (786-7305)

Background: During the 1995 session, the Legislature enacted a 4 percent salary increase for state employees, including employees of the Washington State Ferry System. According to this legislation, the raises were to go into effect on July 1, 1995.

Due to delays in ratifying collective bargaining agreements with the various ferry employee labor unions, some ferry workers did not begin to receive their salary increase on July 1, 1995. However, as of December 1996, all 13 ferry employee labor unions had ratified their contracts. While these employees have received the legislatively appropriated salary increase retroactively, there is no mechanism for receiving the interest accrued on the salary dollars while the funds were held in the state treasury pending ratification of the collective bargaining agreements.

Summary of Substitute Bill: Subject to legislative appropriation, ferry employees are entitled to the interest earned on retroactive compensation increases. The interest, which must be based on the interest rate earned by the State Treasurer, is computed for each employee until the date the retroactive compensation is paid. The interest payments are not included for purposes of calculating retirement allowances.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the interest payments are not to be included for purposes of calculating retirement allowances.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The fact that the marine operating account earns interest on funds that have been allocated for ferry worker raises pending ratification of collective bargaining agreements acts as a disincentive for WSF to promptly resolve labor contracts. This bill will help to prevent unreasonable delays in the negotiation of collective bargaining agreements.

Testimony Against: This legislation tampers with the protocol that has been established for negotiating wages.

Testified: Senator Kohl, prime sponsor; Ron Weigelt, Office of Professional Employees Intl. Union (pro); Dennis Conklin, Inland Boatmen's Union (pro); Bud Jacque, MEBA (pro); Terry McCarthy, WSF (con).