

HOUSE BILL REPORT

SSB 5988

As Passed House - Amended:

April 19, 2001

Title: An act relating to the state investment board.

Brief Description: Establishing compensation levels for certain employees of the state investment board.

Sponsors: By Senate Committee on Ways & Means (originally sponsored by Senators Snyder, McDonald, Spanel, Winsley, Prentice and Jacobsen; by request of State Investment Board).

Brief History:

Committee Activity:

Appropriations: 3/26/01, 3/28/01 [DP].

Floor Activity:

Passed House - Amended: 4/12/01, 94-2.

Senate Refused to Concur.

House Amended.

Passed House: 4/19/01, 96-0.

<p style="text-align: center;">Brief Summary of Substitute Bill (As Amended by House)</p> <p>· Gives authority to the State Investment Board to set compensation levels for its investment officers.</p>
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HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Grant, Kagi, Keiser, Kenney, Kessler, Lambert, Linville, Mastin, McIntire, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

Staff: Andrea Hardy (786-7349).

Background:

The Washington State Investment Board (SIB) was created in 1981 to administer public trust and retirement funds. The board has 14 members: one active member of the Public Employees Retirement System, one active member of the Law Enforcement Officers' and Firefighters' Retirement System, one active member of the Teachers Retirement System, the State Treasurer, a member of the House of Representatives, a member of the Senate, a representative of retired state employees, the director of the Department of Labor and Industries, the director of the Department of Retirement Systems, and five non-voting members appointed by the SIB with experience in making investments.

The SIB must establish investment policies and procedures that are designed to maximize return at a prudent level of risk. It manages 27 funds which total approximately \$57 billion. Employees of the SIB include an executive director, a confidential secretary, and investment officers. These positions are exempt from the state civil service law. The State Finance Committee (the Governor, the Lieutenant Governor, and the State Treasurer) confirms the executive director's appointment.

Compensation for the SIB's executive director is based on contract negotiations between the SIB and the executive director. The executive director sets the confidential secretary's salary. The salaries of the SIB's investment officers are set by the Washington Personnel Resources Board. The board is generally responsible for developing and implementing classification plans and salary schedules for most state employees. The board has three members appointed by the Governor and confirmed by the Senate.

The State Committee on Agency Officials' Salaries is responsible for making recommendations on salaries for specified agency directors or appointed officials, including the chief executive officer of the State Finance Committee, a position that no longer exists.

Summary of Amended Bill:

Salaries for the SIB's investment officers are set by the State Investment Board, which will conduct a biennial survey of compensation levels at other investment boards of similar size. The Joint Legislative Audit and Review Committee will review the survey. Funds for salary increases will be drawn from earnings of invested funds, and may not, on average, exceed 5 percent. The SIB must notify the director of the Office of Financial Management and the chairs of the House and Senate fiscal committees of proposed changes in compensation levels for the positions at least 60 days prior to the effective date of the proposed changes. The authority of the State Committee on Agency Officials' Salaries to review the salary for the chief executive officer of the State Finance Committee is deleted.

Appropriation: None.

Fiscal Note: Requested on March 15, 2001.

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

Testimony For: The State Investment Board supports the legislation with the oversight provided through disclosure requirements, as it passed out of the Senate.

Testimony Against: None.

Testified: Gary Moore, State Investment Board.