

# SENATE BILL REPORT

## SSB 6382

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As Amended by House, January 28, 2010

**Title:** An act relating to reducing the cost of state government operations by restricting compensation.

**Brief Description:** Reducing the cost of state government operations by restricting compensation.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Prentice and Tom; by request of Governor Gregoire).

**Brief History:**

**Committee Activity:** Ways & Means: 1/19/10, 1/21/10 [DPS, w/oRec].

Passed Senate: 1/22/10, 29-14; 2/09/10, 33-15.

Passed House: 1/28/10, 94-3.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6382 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Oemig, Parlette, Pridemore, Regala and Rockefeller.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Pflug and Schoesler.

**Staff:** Erik Sund (786-7454)

**Background:** The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training.

Generally, state employment positions are either exempt, general service, or Washington Management Service (WMS). General service employees are eligible to collectively bargain if they so elect. In higher education, employee positions typically are either exempt or

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general services; some categories of exempt employees as well as general service employees may collectively bargain if they so elect. For example, higher education faculty and graduate students are exempt employees but may collectively bargain. For employees who collectively bargain, salary and wage increases are determined as provided in the existing contract.

The 2009 Legislature established a 12-month prohibition on salary and wage increases for exempt and WMS employees in Chapter 5, Laws of 2009 (ESSB 5460). The ban on salary increases will expire on February 18, 2010.

**Summary of Substitute Bill:** The prohibition on salary and wage increases for exempt and WMS employees of state agencies and institutions of higher learning is extended through June 30, 2011. An employer may grant a salary increase to a position for which it has a demonstrated difficulty retaining qualified personnel, provided that the increase can be paid within existing resources and without adversely impacting the delivery of client services. Any agency giving a salary increase for an exempt or WMS position must submit a report to the fiscal committees of the Legislature by July 31, 2011, describing the increases given and the reasons for the increases. The prohibition on salary increases is expanded to include awards of cash or cash equivalents given in recognition for performance or longevity.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: This is a good bill that would reduce state spending on salaries and awards while still allowing recognition of the important work done by state employees.

OTHER: This bill could have a negative impact on the agricultural industry's ability to promote the export of crops grown in Washington. Since the growers pay for the costs of the various commodity commissions, the commissions should be exempt from new restrictions on salary increases, travel, and other related expenses.

**Persons Testifying:** PRO: Julie Murraray, Office of Financial Management.

OTHER: Jim Jesernig, Washington Wheat Growers and Washington Potato Commission.

**House Amendment(s):** The prohibition on salary increases is removed for exempt employees who are covered by collective bargaining agreements. Institutions of higher learning may grant a salary increase to employees who take on additional academic duties during the summer quarter, provided that the increase can be accommodated within existing resources and that the increase won't impact the delivery of client services. Any institution granting such increases must submit a report to the fiscal committees of the Legislature no later than July 31, 2011, describing the increases given.