

**STATE EMPLOYEES
COMPENSATION REDUCTION**

LEOFF Plan 2 Retirement Board

July 27, 2011

OVERVIEW

- Issue Description
- Impacts of 2011 Legislation
 - Salary Reduction
 - Performance Awards
 - Salary Freeze



ISSUE DESCRIPTION

- Legislation passed during the 2011 legislative session imposes temporary compensation reductions for state government employees during the 2011-2013 fiscal biennium



2011 LEGISLATION – ESSB 5860

- State agencies of the legislative, executive, and judicial branches are required to implement
 - Three percent salary reduction for all state employees from July 1, 2011 through June 29, 2013
 - No performance-based awards or incentives may be granted to state employees
 - No salary increase for exempt or WMS employees during the 2011-13 fiscal biennium



PAY REDUCTION

- During the 2011-13 biennium, base salaries are reduced 3 percent for all state employees except specified groups
- Employees subject to the salary reduction accrue additional Temporary Salary Reduction leave at the rate of 5.2 hours per month
- Agencies prevented by collective bargaining contract from implementing the 3 percent salary reduction must achieve 3 percent reduction through other means



SUSPENSION OF PERFORMANCE AWARDS

- During the 2011-13 fiscal biennium, no performance-based awards or incentives may be granted to state employees
- Includes cash as well as cash equivalents, such as gift certificates and gift cards
- Recognition awards limited to non-cash items such as pen and desk sets, plaques, pins, framed certificates, clocks, and calculators



SALARY FREEZE

- Agencies are prohibited from granting a salary increase for exempt or WMS employees during the 2011-13 fiscal biennium
- Exceptions:
 - Salary or wage increases allowed pursuant to negotiated collective bargaining agreements
 - Cases where a demonstrated recruitment and retention issue exists, and Director of the OFM has approved the increase (for executive branch agencies)



SALARY FREEZE – EXCEPTION REQUEST

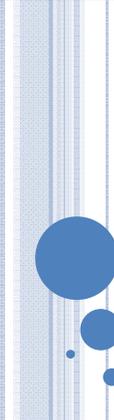
- Written request to DOP Director
 - Outlining the need for the salary or wage increase
 - Must demonstrate compelling & well-documented case that the increase critically necessary
 - DOP review and recommendation forwarded to the director of OFM for final action
- OFM must report any salary increase granted to the Legislature by July 31 of each fiscal year.
 - Positions granted salary increases
 - Size of the increase
 - Reasons for giving the increases



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COMPENSATION REDUCTION

Questions?





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STATE EMPLOYEES COMPENSATION REDUCTION

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LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

State Employees Compensation Reduction

August 24, 2011

1. Issue

Legislation passed during the 2011 legislative session imposes temporary compensation reductions for state government employees during the 2011-2013 fiscal biennium.

2. Staff

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3. Background Information

Engrossed Substitute Senate Bill 5860¹ (ESSB 5860), requires state agencies of the legislative, executive, and judicial branches are to implement a 3 percent salary reduction for all state employees from July 1, 2011 through June 29, 2013. In addition, ESSB 5860 continues the prohibition of providing salary increases to exempt and Washington Management Service (WMS) employees and providing monetary performance-based awards to all state employees through June 30, 2013.

Three Percent Salary Reduction

From July 1, 2011 through June 29, 2013, base salaries must be reduced 3 percent for all state employees except for:

- Elected officials whose salaries are established by the Commission on Salaries for Elected Officials;
- Employees at state institutions of higher education, except as provided under collectively bargained agreements;
- Certificated employees of the state School for the Blind and the Center for Childhood Deafness and Hearing Loss;
- Commissioned officers of the Washington State Patrol represented by the State Patrol Troopers Association and the Washington State Patrol Lieutenants Association;

¹ Chapter 39, Laws of 2011

- Represented ferry workers of the Department of Transportation, except as provided under collectively bargained agreements; and
- Employees whose monthly full-time equivalent salary is less than \$2,500 per month.

Suspension of Monetary Awards

The prohibition on performance-based monetary awards for all state employees continues through June 30, 2013. The term “monetary” includes cash as well as cash equivalents, such as gift certificates and gift cards. Monetary awards are allowed only for incentive awards by the Washington Wellness Works program administered by the Health Care Authority. State employee recognition awards under RCW 41.60.150 continue to be limited to non-cash items through June 30, 2013. Cash and cash equivalents, such as gift certificates and gift cards, cannot be given as an award.

Salary Freeze

ESSB 5860 continues, from the prior biennium, the prohibition of monetary bonuses and performance-based monetary pay for all exempt and WMS employees, including growth and development progression adjustments for WMS. This means, in addition to the 3 percent salary reduction, salaries and wages for positions exempt from classification under the State Civil Service Act and WMS positions cannot increase through June 30, 2013.

There are two exceptions in the legislation whereby salary or wage increases are allowed:

1. Salary or wage increases are allowed pursuant to collective bargaining agreements negotiated under chapters 28B.52, 41.56, 47.64, or 41.67 RCW.
2. For all other executive branch agencies, salary or wage increases are allowed if the agency has demonstrated difficulty retaining qualified positions under certain conditions:
 - The salary increase can be paid within existing resources;
 - The salary increase will not adversely impact the provision of client services, and
 - For executive branch agencies, not including higher education, the salary increase is approved by the director of OFM.

To request approval of a salary increase agencies must submit a written request to Eva Santos, Department of Personnel Director, outlining the need for the salary or wage increase. Agencies must demonstrate a compelling and well-documented case that the salary or wage increase is critically necessary to the agency. DOP will review requests and forward them with a recommendation to the director of OFM for final action.

OFM must report any salary increase granted to the Legislature by July 31 of each fiscal year. This must include detailing the positions for which salary increases were granted, the size of the increase, and the reasons for giving the increases.

4. Supporting Information

- Section 1, ESSB 5860 – Salary Reduction
- Section 6, ESSB 5860 – Performance Awards & Salary Freeze