WASHINGTON RESEARCH COUNCIL

POLICY BRIEF

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Adding up state employee pay hikes

Not all pay raises require legislative approval. About 46 percent of the approximate 48,800 classified employees under the State Personnel Board will receive automatic salary increases during the 1991–93 biennium. In higher education, about 7,300 FTEs, 42 percent, of the 17,500 classified employees will receive automatic increases.

In addition to across–the–board increases provided by the legislature, many state employees receive automatic annual pay hikes...

The other 54 to 58 percent of state employees are at the top step in their salary range and will receive no automatic step increases. They will, however, receive any comparable worth adjustments or other targeted increases that apply to their job classes, as well as any across–the–board increases authorized by the 1991 Legislature.

Most state employees automatically receive salary increases of about 5 percent after the first six months of continuous employment. Automatic "step" increases, as they are called, occur annually after that, until the employee reaches the top step of the salary range for his or her position. Generally, there are a total of five increases or about 25 percent for each salary range. Once an employee reaches the top of the range for a job class, he or she no longer receives automatic hikes until promoted or reclassified.

State Employee Salary Growth Over Time

As a result of these adjustments for longevity, some state employees could receive two step increases of 5 percent each during the 1991–93 biennium. The same employee could also receive two comparable worth adjustments (see page 2) over the period. These pay hikes would come on top of across–the–board and any other increases authorized for the biennium, such as those increases for positions experiencing retention or recruitment problems or increases to implement the state salary survey.

The examples in the box below illustrate how the system works by tracing the salaries of three hypothetical state employees between July 1989 and July 1993. Potential salary increases illustrated in the examples range from 18 percent for an employee at the top of his salary range to 47 percent for an employee eligible both for step increases and comparable worth adjustments.

The examples are based on the across–the–board salary increases proposed by the governor for the 1991–93 biennium (4.4 percent on Jan. 1, 1992 and 3.8 percent on Jan. 1, 1993) and illustrate the potential increases for most state employees. They do not reflect the

Salary Progression of Three Hypothetical State Employees

◊ Henry was hired by the State of Washington as a Clerk Typist 3 in July of 1989. At the first step on the salary schedule he earned **$16,344** a year. In January 1990, after six months of service, he automatically moved up on the salary schedule and received a 2.5 percent across–the–board increase. Over the next three years, he received comparable worth adjustments in July and both step and across–the–board increases in January. As of July 1993, Henry will earn **$24,011** annually, an increase of **47 percent over the four years**, or about 10 percent a year.

◊ Janice was promoted to the position of Transportation Technician 1 in July of 1989, with an annual salary of **$18,024**. Over the next three and one–half years, she receives legislatively authorized across–the–board pay hikes in January and 5 percent longevity increases in July. By July 1993, Janice will earn **$25,707** annually, an increase of **43 percent over the period**, or about 9 percent annually.

◊ Richard, an Information Officer 1, is at the top of his salary range. In July of 1989 he earned an annual salary of **$27,540**. Over the next four years he received the legislatively authorized salary increases. Richard will receive an annual salary of **$32,419** as of July 1993, an increase of **18 percent over the four years**, or about 4 percent a year.

additional increases designed to help the state recruit and retain employees in specific job classes — such as nurses — or bring salary levels for specific jobs closer in line with the levels shown in the state's salary survey or that result from the reclassification of positions. These increases could come on top of those shown in the examples and would establish the upper limits of the potential increases. At the other end of the scale, small number of state employees are paid more than the top of the salary range for their job and could receive no increase during the biennium.

Compensation Takes Big Budget Bite

Salaries and benefits are a major issue at budget time. The largest single discretionary item in Gov. Booth Gardner's budget proposal for the 1991–93 biennium is salary increases for state and public school employees. One of the largest items in his revised budget is employee insurance benefits. At the same time that teachers and public employees are rallying for more pay, Gardner, the House and the Senate have each proposed dipping into reserves to balance budgets. Their proposals include across–the–board salary increases for state employees ranging between 7.3 and 8.4 percent when compounded over the biennium.

At $2.5 billion during fiscal year 1990–91 (FY 91), salaries and wages for state employees accounted for more than 20 percent of the state's operating budget. Spending on this category — after adjusting for inflation — has increased 35 percent since FY 80. Over the same period of time, total state spending increased 59 percent.

Spending per employee on total compensation grew 12 percent, after adjusting for inflation, between FY 80 and FY 91. Salary and wage spending per average annual FTE employee (adjusted for inflation) increased 6 percent over the period, while spending per FTE for benefits grew 42 percent. The state currently employs about 81,800 FTE employees in operating programs. This is up 28 percent from 64,100 FTEs in FY 80, well ahead of population growth (18 percent) over the same period.

Salaries Based on Internal, External Factors

State law requires the State Personnel Board and the Higher Education Personnel Board to develop salary schedules that "give full consideration to prevailing rates in other public employment and in private employment in this state." The boards conduct a salary survey to determine the prevailing rates for jobs similar to state jobs.

The salary survey has not been fully funded in recent years. In part this has been a cost issue. For example, the annual cost of bringing state employees up to the level determined by the survey conducted in 1990 is $64 million for those employees covered by the Higher Education Personnel Board and $151 million for those under the State Personnel Board.

Instead, salary increases have taken the form of across–the–board increases. These have been supplemented by targeted increases for those jobs that are furthest behind wage levels determined by the salary survey or that are experiencing recruitment and retention problems potentially due to salary levels. For example, in addition to 6 percent across–the–board increases, about 12,000 state employees (those who are 22.5 percent or more behind the 1988 Salary Survey rates) received additional pay increases of between 2.5 and 20.0 percent on Jan. 1, 1991.

For the 1991–93 biennium, the governor has proposed salary increases approximating the rate of growth in the consumer price index for the Seattle–Everett area — 4.4 percent on Jan. 1, 1992 and 3.8 percent on Jan. 1, 1993. The House proposal includes 3.6 percent across–the–board increases for most state employees on Jan. 1 of each year. The Senate proposal is for 4.0 percent on Jan. 1, 1992 and 3.5 percent on Jan. 1, 1993. Each of the three proposals also includes targeted increases for specific job classes. The Senate budget also provides for partial implementation of the 1990 Salary Survey.

Comparable Pay for Comparable Work

Another factor that goes into determining what state employees are paid is comparable worth, which is defined in statute as "the provision of similar salaries for positions that require or impose similar responsibilities..." In this case the salary would be based on conditions internal to the job.

Since 1986, state employees in jobs paying less than the average salary for jobs with similar responsibilities as determined in 1985 (the 1985 comparable worth line) have received salary adjustments designed to bring them within 5 percent of the line by July 1, 1992. As a result, a number of employees have received salary increases over and above automatic step and across–the–board increases over the last several years.

More than 60 percent of the state's classified employees are expected to receive comparable worth adjustments over the life of the agreement. Of the job classes covered by the State Personnel Board, about 47 percent are expected to be affected by comparable worth over the life of the agreement.

Each of the budget proposals for the 1991–93 biennium includes $30 million for comparable worth, of this $15 million would come from the state general fund. The comparable worth adjustments due on July 1, 1991 are anticipated to be similar to those given in 1990 — between $12 and $23 a month.