

Provisions of ESSB 5460

Enacted February 18, 2009

Limits on salary increases. Except for classified staff step increases, no other types of positions are to receive salary increases for 12 months (until February 17, 2010). The types of positions that are prohibited from receiving salary increases include faculty, exempt employees, temporary/hourly employees, student employees and tech college classified. All other classified employees will continue to receive increment increases and positions may be reallocated.

The following provisions are **in effect until July 1, 2009**. Exceptions can be granted through a process outlined below.

Hiring Freeze: Vacancies and new positions cannot be filled if they are supported by state funds or tuition unless they are “directly related to academic programs.”

Personal Services Contracts Freeze: State agencies and institutions are prohibited from entering into a contract or other agreement for the acquisition of personal services using state funds or tuition. The freeze does not apply to contracts or agreements where the costs are funded exclusively from private or federal grants, where the costs are necessary to receive or maintain federal funds, or where the costs are paid with local funds.

Out-of-State Travel and Training: State agencies and institutions are prohibited from making expenditures using state funds or tuition for out-of-state travel and out-of-state training. The freeze does not apply to expenditures from private or federal grants, or from local funds.

Equipment Purchase Freeze: State agencies and institutions are prohibited from entering into any contract or other agreements for the acquisition of any equipment costing more than \$5,000 in state funds or tuition. The freeze does not apply to purchases necessary for maintaining federal funds, or purchases paid from local funds.

OFM has taken a position that the equipment purchase restriction does not apply to equipment purchased with capital funds associated with a major capital project using Fund 057, Fund 357, or Fund 060. Equipment costing more than \$5,000 and purchased with state funds or tuition is subject to the freeze, but an exemption can be requested. The fact that the building is nearing completion and the equipment is required to open and operate the building will be helpful in supporting the exemption request. We will run the exemption process from this office as part of the capital allotment process. We will need to have a request for exemption from the college and a list of items greater than \$5,000 that the college is intending to purchase with state or tuition dollars.

Exemptions: Exemptions to the hiring, personal services, travel/training and equipment freezes can be granted by the director of OFM. The bill directs OFM to forward any approved exemptions to the legislature every thirty days. Exemptions cannot take effect until five days after notification has been provided to the legislature. OFM will provide more detail on the exemption process in the next few days. All exemptions from the colleges will be submitted to the SBCTC, who will work with OFM.