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# Association of Washington Business

Don C. Brunell  
*President*

April 27, 2007

The Honorable Christine Gregoire  
Governor  
State of Washington  
PO Box 40002  
Olympia, WA 98504-0002

**COPY**

Dear Governor Gregoire:

In addition to the concerns we expressed yesterday in our letter requesting that you veto all but Section 2 of E2SSB 5659, "Paid Family Leave", we would like to understand the impact of taking \$18 million from the supplemental pension fund to initiate the program. The supplemental pension fund is used for supplemental cost-of-living adjustments for injured workers receiving disability payments. It operates on a current payment basis and is not required to maintain actuarial solvency like the Accident, Medical Aid and Pension Funds are required to do.

On this point, it is necessary to have a better understanding of why they selected this fund for the loan particularly in light of the concerns raised in HB 1792 and SB 5678 regarding pension obligations and the requirement in the Department's operating budget proviso that it study why its pension award trends have doubled in the last five years. Because this funding provision was added in the final House floor striker on April 20, without the benefit of a hearing or a fiscal note, it is necessary to get an actuarial analysis to determine if an \$18 million loan would have any effect on rates for the pay-as-you-go supplemental pension fund. We should know if we would have to sell any fixed income securities to make the loan or is there sufficient cash flow to make the loan?

Section 16 – Coordination of Leave, allows a public employee, for example, to take paid sick leave for the period of disability due to childbirth and then use paid annual leave for the remainder of the absence, and also receive \$250 a week family leave pay. The state's shared leave program is designed to allow employees to share sick leave (and now annual leave) with employees who have serious illnesses, such as cancer, major surgeries, etc.

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Governor Gregoire Veto Request of E2SSB 5659  
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We understand this program started in the mid-1980s and the usage has grown dramatically over the years. The Department of Personnel's leave system should be able to compile those figures on annual basis going back to inception so we would ask that you request this information before making your decision to sign or veto this legislation.

Finally, we would ask why would L&I be required to spend any of the \$18 million loan (see Section 22) for the initial administration of the program when the task force, in addition to being charged with studying how the program should be financed, is directed to study how the program should be implemented and administered. It makes no sense to authorize up to \$18 million for the initial administration of the program and run the risk of the task force coming up with a different plan.

Again, Governor, as we indicated in my letter yesterday, a veto of E2SSB 5659 with the exception of Section 2 is the only rational approach.

Thank you and we look forward to your response.

Respectfully yours,

Don C. Brunell  
President