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April 23, 2025

Governor Bob Ferguson
Office of the Governor
PO Box 40002
Olympia, WA 98504

RE: Partial veto request for Substitute Senate Bill 5503

Governor Ferguson,

The Association of Washington Cities (AWC) respectfully requests a partial veto of Substitute Senate Bill 5503. AWC actively engaged with legislators and other stakeholders regarding our concerns with one section of the bill throughout the session, but our concerns were not addressed.

Specifically, we request that you veto Section 6 of SSB 5503 pertaining to settlement agreements in grievance arbitration cases:

> "NEW SECTION. **Sec. 6.** A new section is added to chapter 49.36 RCW to read as follows:
> (1) A public employer may not require a worker to waive any statutory right to make a claim arising out of state or federal law as a condition of settling a grievance under a collective bargaining agreement.
> (2) 'Public employer' has the same meaning as in RCW 49.44.170."

As we lay out below, Section 6 of the bill significantly undermines voluntary settlements of grievance arbitration disputes and will result in higher costs and more litigation for all parties involved in a dispute. AWC is neutral on the rest of the bill, which primarily addresses collective bargaining unit formation and PERC hearings procedures and has nothing to do with grievance arbitration settlement agreements. Section 6 is not necessary for the effective functioning of the bill and serves only to undermine the process of voluntary settlements in grievance arbitrations.

Firstly, Section 6's prohibition against waiving rights to future claims will significantly discourage settlements of grievance arbitration disputes, because public employers will be far less willing to offer settlements if they are not the final resolution to a dispute. If an employee in a grievance always retains the right to sue, the possibility of continuing a dispute just settled continues in a different venue, and a far more costly venue at that. In addition, while technically settlements are not admissible in court to prove liability, they can still be used for other reasons and potentially undermine an employer's case in a future suit. Many public employers will be unwilling to offer settlements for grievances that are (1) not the end of the dispute and (2) could be used against them in a later suit.

Secondly, settlements themselves are entirely voluntary agreements between the parties. No public employer has the power to force an employee to accept the terms of a grievance arbitration settlement, even an offer that includes a waiver or rights to future suits. If an employee accepts the terms of a settlement, it must be presumed that the employee finds it in their own best interest to settle and not advance the dispute further. Right now, if an employee feels they have a meritorious claim and wants to retain their right to a future suit,

they need only reject a settlement offer that includes one. In addition, the ability to waive future suits is a powerful negotiating tool, allowing employees to negotiate for better settlement terms in exchange for a waiver. That tool would be taken away from employees if Section 6 enters into law.

Finally, grievance arbitration is meant to be a lower cost, efficient alternative to addressing workplace disciplinary matters at the lowest level possible – keeping workplace disputes out of court, providing certainty, and saving all parties (public employers, employees, and unions alike) money and time. Disincentivizing the lowest cost way to resolve such disputes – settlements – will only add costs for all parties. More cases will likely go through a full arbitration proceeding when they otherwise would have been settled early on. In addition, more issues that started as grievances could end up burdening the court system, including marginal or unmeritorious claims that would have been prevented early on by grievance settlements. Many of these cases may in fact still be found in favor of public employers, but at the cost of expensive and time-consuming litigation for all sides.

As a former Attorney General that represented public employers, we know you understand the importance of settlements in the dispute resolution process and the importance of flexibility in developing settlement offers. Section 6 of SSB 5503 will discourage settlements and take away flexibility for all parties in resolving public sector workplace disputes. Please help preserve an existing grievance settlement system that works for all sides, and veto Section 6 of SSB 5503.

Regards,

Candice Bock
Director or Government Relations
Association of Washington Cities