

SENATE BILL REPORT

SB 5503

As of March 22, 2011

Title: An act relating to reorganizing and streamlining central service functions, powers, and duties of state government.

Brief Description: Reorganizing and streamlining central service functions, powers, and duties of state government.

Sponsors: Senator Pridemore; by request of Governor Gregoire.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 3/24/11.

Brief Summary of Bill

- Creates the Department of Enterprise Services (DES).
- Abolishes the Department of General Administration and transfers its duties to DES.
- Abolishes the Department of Personnel and transfers its functions to the Office of Financial Management (OFM) and DES.
- Abolishes the State Printer and transfers its functions to DES.
- Transfers the risk management and personal services contracts functions from OFM to DES.
- Transfers certain functions within the Department of Information Services to DES.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

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Background: The Department of General Administration (GA) is a state agency that provides a wide variety of support services for state agencies, city and county governments, school districts, colleges and universities, and a number of nonprofit organizations. The duties and functions of GA include purchasing and contracting for goods and services; lease

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management; maintenance of state buildings and grounds; administration and management of vendors and contractors; construction project management; facilities planning and management; management of the state motor pool; parking management; operating the consolidated mail service; the sales and purchase of surplus property; administration of energy and resource conservation programs; adoption of the state building code; custodial and recycling services; and oversight and administration of bidding procedures.

The Public Printer (Printer) is a state official appointed by the Governor with the advice and consent of the Senate. The duties of the Printer include responsibility for the printing and binding of a wide range of public documents, including session laws; bills, resolutions, and other documents on behalf of both houses of the state Legislature; and any document that may be ordered by state officers, boards, commissions, public agencies, or the courts.

The Printer is also authorized to engage in purchasing, leasing, and procurement functions related to his or her printing duties.

Public entities using the services of the Printer are required to pay the actual cost of such services. The fees charged by the Printer are established in accordance with statutory requirements. Under certain circumstances, the Printer may enter into contracts with outside vendors for the printing of public documents where the outside vendors can provide more efficient service.

The Department of Personnel (DOP) manages the state's civil service system that was established through Initiative 207 in 1960. The stated purpose of the initiative is to "establish for the state a system of personnel administration based on merit principles and scientific methods governing the appointment, promotion, transfer, layoff, recruitment, retention, classification and pay plan, removal, discipline, training and career development, and welfare of its civil employees, and other incidents of state employment."

The provisions of the civil service laws apply to all state agencies, institutions of higher education, boards, and commissions, and each employee and position unless expressly excluded or exempted by law.

The duties and functions of DOP include oversight and administration of the civil service system and the administration, maintenance, and operation of the central personnel payroll system.

The Director of Personnel is responsible for the adoption of rules and procedures regarding reduction, dismissal, suspension, or demotion of an employee; training and career development; probationary periods and rejection of probationary employees; transfers; promotional preferences; sick leaves and vacations; hours of work; layoffs and reemployment; certifications for vacancies; adoption and revision of a state salary schedule; incremental salary increases; relocation compensation; and performance evaluations.

The Personnel Resources Board conducts hearings and makes decisions to resolve state employee appeals.

The Public Employment Relations Commission (Commission) manages collective bargaining provisions, including the determination of appropriate bargaining units within any agency.

The Office of Financial Management (OFM) was established through legislation in 1969 as a division of the Office of the Governor. The general duties of OFM are to provide planning, assistance, and coordination in the preparation of budgets; to manage and estimate the cash flow of all public funds; to perform functions and research related to the state census and to assist in the federal census; to prepare fiscal notes for proposed legislation; to oversee the state's risk management; and to manage personal services contracts.

The duties of the Risk Management Division (division) of OFM include the process of risk identification, measurement, minimization, assumption, transfer, and loss adjustment. These duties are for the purpose of protecting assets and revenues against accidental loss. The division also purchases insurance and bonds for state agencies and, upon request, for municipalities. In addition, the division manages the safety and loss control program, and the loss prevention review team.

In its management of personal services contracts, OFM must establish procedures for competitive solicitation and awarding of contracts. It must also develop guidelines and implement training for the effective and efficient management of personal services contracts. OFM is authorized to exempt contracts from the competitive solicitation process and approve sole source contracts. It must make available to the public a list of all personal services contracts entered into by state agencies during each fiscal year. The list must include the contracting agency, the contractor, the purpose of the contract, effective dates, performance periods, cost and funding sources, and any contract modifications.

The Department of Information Services (DIS) is a cabinet level agency that provides technology-based services to state agencies and local governments, as well as to public benefit non-profit corporations, on a cost-recovery basis. The Director of DIS is responsible for overseeing the functions of DIS, as well as for maintaining a strategic planning and policy component for the state by serving as the state's Chief Information Officer.

Examples of the type of services that DIS provides include (1) telecommunications and computer services; (2) procurement of technology equipment through master contracts; (3) information technology support; and (4) the provision of other related technology-based products and services.

State agencies may procure information technology services through DIS, but are not required to do so if other alternatives are more cost effective or provide better service.

DIS administers a Data Processing Revolving Fund (Fund) that is in the custody of the State Treasurer. The Fund is used to pay for equipment, supplies, services, salaries, wages, and other costs related to the implementation of information services and telecommunications systems by DIS, the Washington State University, and other public entities.

The Office of the Secretary of State (OSOS) administers the Electronic Authentication Act (EAA). EAA governs the use of digital signature technology in electronic transactions and

creates a process for OSOS to license entities that verify the authenticity of digital signatures. These entities are called certification authorities.

Under EAA, a unit of state or local government is required to become a subscriber to a certificate issued by a licensed certification authority, if the governmental entity's signature is required for the purposes of conducting official public business with electronic records.

Summary of Bill: The Department of Enterprise Services (DES) is created as an executive branch agency vested with some or all of the powers and duties of GA, the Printer, DOP, OFM, and DIS. The Director of DES is appointed by the Governor and is subject to confirmation by the Senate.

The creation of DES and the concomitant reorganization of state agencies in the act eliminates GA and transfers its powers and duties to DES; eliminates the Printer and transfers its powers and duties to DES; retains part of OFM, but transfers some powers and duties to DES; eliminates DOP and distributes its powers and duties between OFM and DES; and retains part of DIS, but transfers some powers and duties to DES.

The general responsibilities of DES include (1) providing products and services to support governmental entities and nonprofit organizations and entering into agreements to this end; and (2) making information services available to state, local, and federal agencies, local governments, and public benefit nonprofit corporations.

DES must reform and consolidate state procurement practices and provide a report to the Governor with procurement reform recommendations. In doing so, DES is directed to review national best practices and the procedures used in other states and by the federal government.

The Public Printing Revolving Account (Account) is created in the custody of the State Treasurer. All receipts from public printing must be deposited in the Account. Expenditures from the Account may be used only for administrative and operating purposes related to public printing. Only the Director of DES or the Director's designee may authorize expenditures from the Account.

DES must broker print management contracts for the state agencies that are required to use these contracts. Also, DES is authorized to broker print management contracts for other state agencies that choose to use these services. The Director of DES may exempt a state agency from entering into a print management contract, if the Director of DES deems it unfeasible or if DES and the agency cannot reach an agreement regarding print management.

DES must consult with OFM and other state agencies to more efficiently manage the use of envelopes by standardizing them to the extent feasible given the business needs of the agencies.

For every printing and binding job ordered by a state agency, DES must advise the agency on how to choose more economic and efficient options to reduce costs.

The position of Director of Human Resources (Director) is created within OFM. The Director has the same responsibilities for the adoption of rules and procedures as the Director of Personnel. In addition, the Director must adopt and maintain a comprehensive classification plan and compensation system for all positions in the classified service.

Upon request by an appointing authority and an employee organization representing classified employees, the Director may initiate a classification study. The Director may adopt special competitive salary ranges for institutions of higher education and related boards. Salary surveys of positions in public and private employment may be undertaken to establish market rates. Information collected from salary surveys that identify a specific employer is exempt from public disclosure.

Duties transferred to OFM formerly performed by DOP, include:

- compensation surveys for officers and entry-level officer candidates of the Washington State Patrol;
- prescription of training provisions for employees appointed to a supervisory or management position;
- adoption of policies and rules regarding diversity, employee leave, moving expenses of new employees, travel expenses of prospective employees, and the undergraduate internship program;
- study of the duties and salaries of various directors of departments and members of boards and commissions who are subject to appointment by the Governor and whose salaries are fixed by the Governor;
- oversight and custody of the Disability Accommodation Revolving Account, and the Higher Education Personnel Service Account; and
- joint oversight and custody of the Personnel Service Account.

Duties transferred to DES formerly performed by DOP include:

- training and career development;
- oversight of the payroll system;
- administration of the Fund and the Personnel Service Fund;
- background checks on prospective agency heads appointed by the Governor;
- duties transferred from the Personnel Resources Board to OFM;
- amendment and adoption of rules relating to employees with unsupervised access to children; and
- oversight and custody of the Fund.

Other policy changes include the removal of the Printer and its employees from the list of exemptions from civil service law; elimination of a reemployment list for terminated state employees; and elimination of reports regarding agencies' progress toward meeting affirmative action goals and various training activities.

Statutes relating to the establishment of DOP and the appointment of the Director of DOP are repealed. Obsolete statutes relating to the Personnel Appeals Board and transfer of records from the data processing center to the Central Personnel Payroll System are repealed. Other statutes, classification system for classified service, salary changes to achieve comparable worth, classification and salary schedules to consider rates of public and private employment, and background checks are repealed but the functions are added to other new statutes.

OFM's division of risk management and all of the division's powers and duties are transferred to DES as the Office of Risk Management. Oversight and all duties related to OFM's personnel services contracts are transferred to DES.

The limited number of specified power, duties, and functions of DIS that are transferred to DES, include the Fund. DES is authorized to receive funding from the Fund in order to pay for equipment, supplies, services, salaries, wages, and other costs related to the implementation of information services and telecommunications systems.

DES is authorized to replace DIS as a licensed certification authority as part of the system for authenticating digital signatures under the requirements of the Electronic Authentication Act.

DES is authorized, through a competitive bidding process, to procure a geographic information system map detailing high-speed Internet infrastructure, service availability, and adoption.

State agencies that are purchasing wireless devices or services must make these purchases through the state master contract, unless the state agency provides to OFM evidence that the state agency is securing its wireless devices or services from another source for a lower cost than through participation in the state master contract.

By January 1, 2012, the Commission must review the appropriateness of the collective bargaining units transferred to DES by GA, the Printer, and DIS. If the Commission determines that an existing collective bargaining unit is appropriate under state collective bargaining laws, the exclusive bargaining representative certified to represent the bargaining unit prior to January 1, 2012, must continue as the exclusive bargaining representative without an election.

If the Commission determines that existing collective bargaining units are not appropriate, the Commission may modify the units and order an election. The Commission may also require an election if similarly situated employees are represented by more than one employee organization.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011, except for sections 110 and 449, which take effect January 1, 2012, and section 464 which takes effect December 31, 2011.