

FINAL BILL REPORT

HB 2352

C 332 L 02

Synopsis as Enacted

Brief Description: Transferring risk management functions from the department of general administration to the office of financial management.

Sponsors: By Representatives Alexander, Lantz and Esser; by request of Governor Locke and Attorney General.

House Committee on State Government
Senate Committee on State & Local Government

Background:

In 1977 the Legislature created the Risk Management Office within the Department of General Administration. The Risk Management Office was directed to develop policies and plans for self-insuring liabilities, funding tort claims on an actuarial basis, implementing a program of safety and loss control, and proposing legislative recommendations to carry out its mandate. Specifically, the Risk Management Office is to:

- identify liability and property risks that may have a significant economic impact on the state;
- evaluate risk in terms of the state's ability, as opposed to an individual agency's ability, to fund potential loss;
- eliminate or improve conditions and practices which contribute to loss;
- assume risks to the maximum extent practical;
- provide flexibility to meet the unique requirements of any state agency for insurance coverage or service;
- purchase commercial insurance under specified circumstances; and
- develop plans for the management and protection of the revenues and assets of the state.

In fiscal year 2001, state tort payouts reached an all-time high at over \$85 million. A Risk Management Task Force was convened by the Governor and the attorney general to recommend ways to improve the state's risk management program.

Summary:

The powers, duties, and functions of statewide risk management are transferred from the Department of General Administration (GA) to the Office of Financial Management

(OFM), including all written materials, reports, documents, etc., relating to risk management and all tangible property utilized by the Risk Management Office. All funds, credits, and other assets held by the Risk Management Office are assigned to the OFM. Any appropriations made in connection with the powers, duties, and functions transferred under this bill are transferred and credited to the OFM.

All employees of the Risk Management Office in the GA are transferred to the jurisdiction of the OFM. Civil service employees are transferred under the same terms under which they currently operate and without any loss of rights.

Rules developed by the Risk Management Office and any pending business are continued and acted upon by the OFM and any existing contracts and obligations remain in full force and are continued.

If apportionments of budgeted funds are required due to the transfer, the director of the OFM will certify the apportionments to the affected agencies, the State Auditor, and the State Treasurer who, in turn, will make the appropriate transfer and adjustments in funds and appropriation accounts and equipment records.

Technical changes are made in the RCW to reflect this transfer. The Risk Management Office becomes the Risk Management Division and the risk management administration account is created in custody of the State Treasurer. Changes to the OFM's statutory authority are made for the purpose of the OFM performing the duties relating to risk management.

Directors or deputy directors of state agencies and presidents or vice-presidents of higher education institutions replace representatives of state agencies and higher education institutions on the Risk Management Advisory Committee. The director of the OFM or a designee serves as the chair of the Risk Management Advisory Committee.

The director of the OFM is given the power to adopt rules necessary to carry out the intent of the risk management program.

Votes on Final Passage:

House 97 0
Senate 45 0 (Senate amended)
House 94 0 (House concurred)

Effective: July 1, 2002