
HOUSE BILL 1421

State of Washington

57th Legislature

2001 Regular Session

By Representatives Romero, D. Schmidt, Ogden, Kenney and Miloscia; by request of Governor Locke

Read first time 01/25/2001. Referred to Committee on State Government.

1 AN ACT Relating to consolidating the department of retirement
2 systems and the department of personnel; amending RCW 41.06.020,
3 41.06.130, 41.50.010, 41.54.010, 43.17.020, 42.17.2401, and
4 43.33A.020; reenacting and amending RCW 43.17.010; adding a new
5 section to chapter 41.06 RCW; adding a new chapter to Title 43
6 RCW; creating new sections; repealing RCW 41.06.030, 41.50.020,
7 and 41.50.050; and providing an effective date.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** The legislature recognizes that the
10 challenge of attracting and retaining skilled employees to carry
11 out vital state government functions is of utmost importance. This
12 task is even more critical as state agencies face an increasingly
13 competitive job market and an aging state work force that is
14 retiring in record numbers.

15 To meet this challenge effectively, the state must have an
16 integrated human resources management structure to address
17 comprehensively present and future work force needs. The state's
18 pension, compensation, and personnel laws, policies, and practices

1 must be coordinated and focused on ensuring productive employees
2 and well-managed systems to support agencies, employees, the
3 legislature, and the public. The current state structure is
4 fragmented, with personnel, compensation, and retirement functions
5 in separate agencies. This makes administrative efficiencies and
6 economies, improvements in customer service and employee
7 communications, and strategic planning and systems integration
8 more difficult to achieve.

9 It is, therefore, the intent of the legislature to consolidate
10 operations of the departments of personnel and retirement systems
11 to unify human resources functions for state government. To
12 accomplish this goal, this act transfers the powers, duties, and
13 functions of the departments of personnel and retirement systems
14 to a new department of human resources.

15 By combining the two agencies, the legislature expects a
16 strengthened and streamlined department of human resources. In
17 addition to current duties, it is the intent of the legislature
18 that the new department, subject to available resources,
19 concentrate its efforts on the following goals and objectives:

20 (1) Implementation of an integrated state work force plan that
21 addresses the present and future skill needs of state agencies;

22 (2) Development of coordinated personnel, compensation, and
23 retirement information services and systems to support employees,
24 management, the legislature, and the public; and

25 (3) Achievement of efficiencies and economies in
26 administration.

27 NEW SECTION. **Sec. 2.** Unless the context clearly requires
28 otherwise, the definitions in this section apply throughout this
29 chapter.

30 (1) "Department" means the department of human resources.

31 (2) "Director" means the director of human resources.

32 NEW SECTION. **Sec. 3.** There is created a department of state
33 government to be known as the department of human resources. The
34 department is vested with all powers and duties transferred to it
35 under this chapter and such other powers and duties as may be
36 authorized by law. The department of personnel and the department

1 of retirement systems are abolished and their powers, duties, and
2 functions are transferred to the department of human resources. All
3 references in the Revised Code of Washington to the director or
4 department of personnel or the director or department of
5 retirement systems shall be construed to mean the director or
6 department of human resources.

7 NEW SECTION. **Sec. 4.** The executive head and appointing
8 authority of the department is the director. The director shall be
9 appointed by the governor, subject to confirmation by the senate,
10 and shall serve at the pleasure of the governor. The director shall
11 be paid a salary to be fixed by the governor in accordance with
12 RCW 43.03.040.

13 NEW SECTION. **Sec. 5.** In addition to other powers and duties
14 granted or transferred to the director, the director shall have
15 the following powers and duties:

16 (1) Supervise and administer the department in accordance with
17 law;

18 (2) Appoint personnel and prescribe their duties. Except as
19 otherwise provided by law, personnel of the department are subject
20 to chapter 41.06 RCW, the state civil service law;

21 (3) Appoint a deputy director and such assistant directors and
22 special assistants as may be needed to administer the
23 department. These employees are exempt from the provisions of
24 chapter 41.06 RCW, the state civil service law;

25 (4) Enter into contracts on behalf of the department;

26 (5) Adopt such rules as are necessary to carry out the powers,
27 duties, and functions of the department, except where rule-making
28 authority is otherwise granted by law to the personnel resources
29 board;

30 (6) Delegate powers, duties, and functions as the director
31 deems necessary for efficient administration, but the director
32 shall be responsible for the official acts of the officers and
33 employees of the department;

34 (7) Advise the governor and the legislature with respect to
35 matters under the jurisdiction of the department;

1 (8) Accept and expend grants, gifts, or other funds that are
2 related to the purposes of the department;

3 (9) Carry out the policies of the governor;

4 (10) Create or abolish such administrative structures internal
5 to the department as the director deems appropriate, except as
6 otherwise specified by law; and

7 (11) Establish advisory groups as may be necessary to carry out
8 the purposes of the department.

9 NEW SECTION. **Sec. 6.** This chapter shall not be construed to
10 interfere with the powers, duties, and authority of the Washington
11 personnel resources board created in RCW 41.06.110.

12 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.06
13 RCW to read as follows:

14 In addition to the exemptions under RCW 41.06.070, the
15 provisions of this chapter shall not apply in the department of
16 human resources to the director, the director's personal
17 secretary, the deputy director, all assistant directors and
18 special assistants, and one confidential secretary for each of
19 these officers.

20 NEW SECTION. **Sec. 8.** (1)(a) All reports, documents, surveys,
21 books, records, files, papers, or written material connected with
22 the powers, duties, and functions transferred by this act shall be
23 delivered to the custody of the department of human resources. All
24 cabinets, furniture, office equipment, motor vehicles, and other
25 tangible property employed in connection with the powers, duties,
26 and functions transferred by this act shall be made available to
27 the department of human resources. All funds, credits, or other
28 assets held in connection with the powers, duties, and functions
29 transferred by this act shall be assigned to the department of
30 human resources.

31 (b) Any appropriations made in connection with the powers,
32 duties, and functions transferred by this act shall, on the
33 effective date of this section, be transferred and credited to the
34 department of human resources.

35 (c) If any question arises as to the transfer of any personnel,

1 funds, books, documents, records, papers, files, equipment, or
2 other tangible property used or held in the exercise of the powers
3 and the performance of the duties and functions transferred, the
4 director of financial management shall make a determination as to
5 the proper allocation and certify the same to the state agencies
6 concerned.

7 (2) All employees of the department of retirement systems and
8 the department of personnel are transferred to the jurisdiction of
9 the department of human resources. All employees classified under
10 chapter 41.06 RCW, the state civil service law, are assigned to
11 the department of human resources to perform their usual duties
12 upon the same terms as formerly, without any loss of rights,
13 subject to any action that may be appropriate thereafter in
14 accordance with the laws and rules governing state civil service.

15 (3) All rules and all pending business before any agency of
16 state government pertaining to the powers, duties, and functions
17 transferred by this act shall be continued and acted upon by the
18 department of human resources. All existing contracts and
19 obligations shall remain in full force and shall be performed by
20 the department of human resources.

21 (4) The transfer of the powers, duties, functions, and
22 personnel under this section shall not affect the validity of any
23 act performed before the effective date of this section.

24 (5) If apportionments of budgeted funds are required because of
25 the transfers directed by this section, the director of financial
26 management shall certify the apportionments to the agencies
27 affected, the state auditor, and the state treasurer. Each of these
28 shall make the appropriate transfer and adjustments in funds and
29 appropriation accounts and equipment records in accordance with
30 the certification.

31 (6) Nothing contained in this section may be construed to alter
32 any existing collective bargaining unit or the provisions of any
33 existing collective bargaining agreement until the agreement has
34 expired or until the bargaining unit has been modified by action
35 of the personnel resources board as provided by law.

36 **Sec. 9.** RCW 41.06.020 and 1993 c 281 s 19 are each amended to read
37 as follows:

1 Unless the context clearly indicates otherwise, the words used
2 in this chapter have the meaning given in this section.

3 (1) "Agency" means an office, department, board, commission, or
4 other separate unit or division, however designated, of the state
5 government and all personnel thereof; it includes any unit of
6 state government established by law, the executive officer or
7 members of which are either elected or appointed, upon which the
8 statutes confer powers and impose duties in connection with
9 operations of either a governmental or proprietary nature.

10 (2) "Board" means the Washington personnel resources board
11 established under the provisions of RCW 41.06.110, except that
12 this definition does not apply to the words "board" or "boards"
13 when used in RCW 41.06.070.

14 (3) "Classified service" means all positions in the state
15 service subject to the provisions of this chapter.

16 (4) "Competitive service" means all positions in the classified
17 service for which a competitive examination is required as a
18 condition precedent to appointment.

19 (5) "Comparable worth" means the provision of similar salaries
20 for positions that require or impose similar responsibilities,
21 judgments, knowledge, skills, and working conditions.

22 (6) "Noncompetitive service" means all positions in the
23 classified service for which a competitive examination is not
24 required.

25 (7) "Department" means an agency of government that has as its
26 governing officer a person, or combination of persons such as a
27 commission, board, or council, by law empowered to operate the
28 agency responsible either to (a) no other public officer or (b)
29 the governor.

30 (8) "Career development" means the progressive development of
31 employee capabilities to facilitate productivity, job
32 satisfaction, and upward mobility through work assignments as well
33 as education and training that are both state-sponsored and are
34 achieved by individual employee efforts, all of which shall be
35 consistent with the needs and obligations of the state and its
36 agencies.

37 (9) "Training" means activities designed to develop job-related
38 knowledge and skills of employees.

1 (10) "Director" means the director of (~~personnel~~) human
2 resources appointed under (~~the provisions of RCW 41.06.130~~)
3 section 4 of this act.

4 (11) "Affirmative action" means a procedure by which racial
5 minorities, women, persons in the protected age category, persons
6 with disabilities, Vietnam-era veterans, and disabled veterans are
7 provided with increased employment opportunities. It shall not mean
8 any sort of quota system.

9 (12) "Institutions of higher education" means the University of
10 Washington, Washington State University, Central Washington
11 University, Eastern Washington University, Western Washington
12 University, The Evergreen State College, and the various state
13 community colleges.

14 (13) "Related boards" means the state board for community and
15 technical colleges; and such other boards, councils, and
16 commissions related to higher education as may be established.

17 **Sec. 10.** RCW 41.06.130 and 1993 c 281 s 26 are each amended to read
18 as follows:

19 (~~The office of director of personnel is hereby established.~~

20 ~~(1) The director of personnel shall be appointed by the~~
21 ~~governor. The governor shall consult with, but shall not be~~
22 ~~obligated by recommendations of the board. The director's~~
23 ~~appointment shall be subject to confirmation by the senate.~~

24 ~~(2) The director of personnel shall serve at the pleasure of~~
25 ~~the governor.~~

26 ~~(3) The director of personnel shall direct and supervise all~~
27 ~~the department of personnel's administrative and technical~~
28 ~~activities in accordance with the provisions of this chapter and~~
29 ~~the rules adopted under it.)~~

30 (1) The director of human resources shall prepare for
31 consideration by the board proposed rules required by this
32 chapter. (~~The director's salary shall be fixed by the governor.~~

33 ~~(4))~~ (2) The director of (~~personnel~~) human resources may
34 delegate to any agency the authority to perform administrative and
35 technical personnel activities if the agency requests such
36 authority and the director of (~~personnel~~) human resources is
37 satisfied that the agency has the personnel management

1 capabilities to effectively perform the delegated activities. The
2 director of (~~personnel~~) human resources shall prescribe
3 standards and guidelines for the performance of delegated
4 activities. If the director of (~~personnel~~) human resources
5 determines that an agency is not performing delegated activities
6 within the prescribed standards and guidelines, the director shall
7 withdraw the authority from the agency to perform such activities.

8 **Sec. 11.** RCW 41.50.010 and 1994 c 197 s 30 are each amended to read
9 as follows:

10 As used in this chapter, unless the context clearly indicates
11 otherwise:

12 (1) "Actuarial value" means the present value of a change in
13 actuarial liability(~~(+)~~).

14 (2) "Department" means the department of (~~retirement systems;~~
15 ~~and~~) human resources.

16 (3) "Director" means the director of the department of
17 (~~retirement systems~~) human resources.

18 **Sec. 12.** RCW 41.54.010 and 1998 c 341 s 702 are each amended to
19 read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Base salary" means salaries or wages earned by a member of
23 a system during a payroll period for personal services and
24 includes wages and salaries deferred under provisions of the
25 United States internal revenue code, but shall exclude overtime
26 payments, nonmoney maintenance compensation, and lump sum payments
27 for deferred annual sick leave, unused accumulated vacation,
28 unused accumulated annual leave, any form of severance pay, any
29 bonus for voluntary retirement, any other form of leave, or any
30 similar lump sum payment.

31 (2) "Department" means the department of (~~retirement systems~~)
32 human resources.

33 (3) "Director" means the director of the department of
34 (~~retirement systems~~) human resources.

35 (4) "Dual member" means a person who (a) is or becomes a member
36 of a system on or after July 1, 1988, (b) has been a member of one

1 or more other systems, and (c) has never been retired for service
2 from a retirement system and is not receiving a disability
3 retirement or disability leave benefit from any retirement system
4 listed in RCW 41.50.030 or subsection (6) of this section.

5 (5) "Service" means the same as it may be defined in each
6 respective system. For the purposes of RCW 41.54.030, military
7 service granted under RCW 41.40.170(3) or 43.43.260 may only be
8 based on service accrued under chapter 41.40 or 43.43 RCW,
9 respectively.

10 (6) "System" means the retirement systems established under
11 chapters 41.32, 41.40, 41.44, 41.35, and 43.43 RCW; plan 2 of the
12 system established under chapter 41.26 RCW; and the city employee
13 retirement systems for Seattle, Tacoma, and Spokane. The inclusion
14 of an individual first class city system is subject to the
15 procedure set forth in RCW 41.54.061.

16 **Sec. 13.** RCW 43.17.010 and 1993 sp.s. c 2 s 16, 1993 c 472 s 17,
17 and 1993 c 280 s 18 are each reenacted and amended to read as
18 follows:

19 There shall be departments of the state government which shall
20 be known as (1) the department of social and health services, (2)
21 the department of ecology, (3) the department of labor and
22 industries, (4) the department of agriculture, (5) the department
23 of fish and wildlife, (6) the department of transportation, (7)
24 the department of licensing, (8) the department of general
25 administration, (9) the department of community, trade, and
26 economic development, (10) the department of veterans affairs,
27 (11) the department of revenue, (12) the department of
28 (~~retirement systems~~) human resources, (13) the department of
29 corrections, (~~and~~) (14) the department of health, and (15) the
30 department of financial institutions, which shall be charged with
31 the execution, enforcement, and administration of such laws, and
32 invested with such powers and required to perform such duties, as
33 the legislature may provide.

34 **Sec. 14.** RCW 43.17.020 and 1995 1st sp.s. c 2 s 2 are each amended
35 to read as follows:

36 There shall be a chief executive officer of each department to

1 be known as: (1) The secretary of social and health services, (2)
2 the director of ecology, (3) the director of labor and industries,
3 (4) the director of agriculture, (5) the director of fish and
4 wildlife, (6) the secretary of transportation, (7) the director of
5 licensing, (8) the director of general administration, (9) the
6 director of community, trade, and economic development, (10) the
7 director of veterans affairs, (11) the director of revenue, (12)
8 the director of (~~retirement systems~~) human resources, (13) the
9 secretary of corrections, (~~and~~) (14) the secretary of health,
10 and (15) the director of financial institutions.

11 Such officers, except the secretary of transportation and the
12 director of fish and wildlife, shall be appointed by the governor,
13 with the consent of the senate, and hold office at the pleasure of
14 the governor. The secretary of transportation shall be appointed by
15 the transportation commission as prescribed by RCW 47.01.041. The
16 director of fish and wildlife shall be appointed by the fish and
17 wildlife commission as prescribed by RCW 77.04.055.

18 **Sec. 15.** RCW 42.17.2401 and 1996 c 186 s 504 are each amended to
19 read as follows:

20 For the purposes of RCW 42.17.240, the term "executive state
21 officer" includes:

22 (1) The chief administrative law judge, the director of
23 agriculture, the administrator of the office of marine safety, the
24 administrator of the Washington basic health plan, the director of
25 the department of services for the blind, the director of the
26 state system of community and technical colleges, the director of
27 community, trade, and economic development, the secretary of
28 corrections, the director of ecology, the commissioner of
29 employment security, the chairman of the energy facility site
30 evaluation council, the secretary of the state finance committee,
31 the director of financial management, the director of fish and
32 wildlife, the executive secretary of the forest practices appeals
33 board, the director of the gambling commission, the director of
34 general administration, the secretary of health, the administrator
35 of the Washington state health care authority, the executive
36 secretary of the health care facilities authority, the executive
37 secretary of the higher education facilities authority, the

1 executive secretary of the horse racing commission, the director
2 of human resources, the executive secretary of the human rights
3 commission, the executive secretary of the indeterminate sentence
4 review board, the director of the department of information
5 services, the director of the interagency committee for outdoor
6 recreation, the executive director of the state investment board,
7 the director of labor and industries, the director of licensing,
8 the director of the lottery commission, the director of the office
9 of minority and women's business enterprises, the director of
10 parks and recreation, (~~the director of personnel,~~) the executive
11 director of the public disclosure commission, (~~the director of~~
12 ~~retirement systems,~~) the director of revenue, the secretary of
13 social and health services, the chief of the Washington state
14 patrol, the executive secretary of the board of tax appeals, the
15 secretary of transportation, the secretary of the utilities and
16 transportation commission, the director of veterans affairs, the
17 president of each of the regional and state universities and the
18 president of The Evergreen State College, each district and each
19 campus president of each state community college;

20 (2) Each professional staff member of the office of the
21 governor;

22 (3) Each professional staff member of the legislature; and

23 (4) Central Washington University board of trustees, board of
24 trustees of each community college, each member of the state board
25 for community and technical colleges, state convention and trade
26 center board of directors, (~~committee for deferred~~
27 ~~compensation,~~) Eastern Washington University board of trustees,
28 Washington economic development finance authority, The Evergreen
29 State College board of trustees, executive ethics board, forest
30 practices appeals board, forest practices board, gambling
31 commission, Washington health care facilities authority, each
32 member of the Washington health services commission, higher
33 education coordinating board, higher education facilities
34 authority, horse racing commission, state housing finance
35 commission, human rights commission, indeterminate sentence review
36 board, board of industrial insurance appeals, information services
37 board, interagency committee for outdoor recreation, state
38 investment board, commission on judicial conduct, legislative

1 ethics board, liquor control board, lottery commission, marine
2 oversight board, Pacific Northwest electric power and conservation
3 planning council, parks and recreation commission, personnel
4 appeals board, board of pilotage commissioners, pollution control
5 hearings board, public disclosure commission, public pension
6 commission, shorelines hearing board, public employees' benefits
7 board, board of tax appeals, transportation commission, University
8 of Washington board of regents, utilities and transportation
9 commission, Washington state maritime commission, Washington
10 personnel resources board, Washington public power supply system
11 executive board, Washington State University board of regents,
12 Western Washington University board of trustees, and fish and
13 wildlife commission.

14 **Sec. 16.** RCW 43.33A.020 and 1985 c 195 s 1 are each amended to read
15 as follows:

16 There is hereby created the state investment board to consist
17 of fourteen members to be appointed as provided in this section.

18 (1) One member who is an active member of the public employees'
19 retirement system and has been an active member for at least five
20 years. This member shall be appointed by the governor, subject to
21 confirmation by the senate, from a list of nominations submitted
22 by organizations representing active members of the system. The
23 initial term of appointment shall be one year.

24 (2) One member who is an active member of the law enforcement
25 officers' and fire fighters' retirement system and has been an
26 active member for at least five years. This member shall be
27 appointed by the governor, subject to confirmation by the senate,
28 from a list of nominations submitted by organizations representing
29 active members of the system. The initial term of appointment shall
30 be two years.

31 (3) One member who is an active member of the teachers'
32 retirement system and has been an active member for at least five
33 years. This member shall be appointed by the superintendent of
34 public instruction subject to confirmation by the senate. The
35 initial term of appointment shall be three years.

36 (4) The state treasurer or the assistant state treasurer if
37 designated by the state treasurer.

1 (5) A member of the state house of representatives. This member
2 shall be appointed by the speaker of the house of representatives.

3 (6) A member of the state senate. This member shall be appointed
4 by the president of the senate.

5 (7) One member who is a retired member of a state retirement
6 system shall be appointed by the governor, subject to confirmation
7 by the senate. The initial term of appointment shall be three
8 years.

9 (8) The director of the department of labor and industries.

10 (9) The director of the department of ((retirement systems))
11 human resources.

12 (10) Five nonvoting members appointed by the state investment
13 board who are considered experienced and qualified in the field of
14 investments.

15 The legislative members shall serve terms of two years. The
16 initial legislative members appointed to the board shall be
17 appointed no sooner than January 10, 1983. The position of a
18 legislative member on the board shall become vacant at the end of
19 that member's term on the board or whenever the member ceases to
20 be a member of the senate or house of representatives from which
21 the member was appointed.

22 After the initial term of appointment, all other members of the
23 state investment board, except ex officio members, shall serve
24 terms of three years and shall hold office until successors are
25 appointed. Members' terms, except for ex officio members, shall
26 commence on January 1 of the year in which the appointments are
27 made.

28 Members may be reappointed for additional terms. Appointments
29 for vacancies shall be made for the unexpired terms in the same
30 manner as the original appointments. Any member may be removed from
31 the board for cause by the member's respective appointing
32 authority.

33 NEW SECTION. **Sec. 17.** The following acts or parts of acts are each
34 repealed:

35 (1) RCW 41.06.030 (Department of personnel established) and 1993 c
36 281 s 20 & 1961 c 1 s 3;

1 (2) RCW 41.50.020 (Department of retirement systems--Created--
2 Director) and 1975-'76 2nd ex.s. c 105 s 4; and

3 (3) RCW 41.50.050 (Powers, duties, and functions of director) and
4 1995 c 239 s 317, 1993 c 61 s 1, 1987 c 505 s 24, 1981 c 3 s 33,
5 1977 ex.s. c 251 s 1, & 1975-'76 2nd ex.s. c 105 s 7.

6 NEW SECTION. **Sec. 18.** The director of personnel and the director
7 of retirement systems shall, by December 1, 2001, jointly submit a
8 plan to the governor for consolidation and smooth transition of
9 the department of personnel and the department of retirement
10 systems into the department of human resources. The plan shall
11 include, but not be limited to, recommendations for any additional
12 statutory changes necessary to implement the consolidated agency.

13 NEW SECTION. **Sec. 19.** Sections 1 through 6 of this act
14 constitute a new chapter in Title 43 RCW.

15 NEW SECTION. **Sec. 20.** Sections 1 through 17 of this act take
16 effect July 1, 2002.

17 NEW SECTION. **Sec. 21.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

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