

SENATE BILL REPORT

HB 2328

As of April 18, 2009

Title: An act relating to reducing the administrative cost of state government.

Brief Description: Reducing the administrative cost of state government.

Sponsors: Representatives Linville and Ericks; by request of Office of Financial Management.

Brief History: Passed House: 4/13/09, 98-0.

Committee Activity: Ways & Means: 4/18/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: Chapter 5, Laws of 2009 (ESSB 5460) took effect on February 18, 2009. The legislation reduced the administrative expenses of state agencies as follows:

- For the 12 months following the effective date, state agencies are prohibited from granting salary or wage increases to any employees who are exempt from classification under the State Civil Service Act.
- Until July 1, 2009, state agencies are prohibited from establishing new employee positions or filling existing vacant employee positions. Exceptions are provided for specified functions directly related to public health and safety, higher education academic programs, law enforcement, revenue collections, the Gambling Commission, and seasonal employment in natural resources agencies and the Department of Transportation maintenance program.
- Until July 1, 2009, state agencies are prohibited from signing new contracts for personal services not related to an emergency or not funded from private or federal grants.
- Until July 1, 2009, state agencies are prohibited from acquiring items of equipment exceeding \$5,000 and not relating to an emergency.
- Until July 1, 2009, state agencies are prohibited from making expenditures for state employee out-of-state travel or training not related to an emergency or direct service delivery. Travel costs paid from private or federal grants are not affected.

The hiring, equipment, travel, training, and personal services contract restrictions do not apply to the unemployment insurance program or programs necessary for tax and fee collection or receipt of funds from the federal government. In institutions of higher

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education, the restrictions on hiring, personal service contracts, equipment, travel, and training do not apply if the costs are not paid from state funds or tuition.

Exceptions to the prohibitions relating to hiring, contracts, equipment, travel, and training may be granted for executive branch agencies by the Director of Financial Management after five days' notice to the legislative fiscal committees. For the legislative and judicial branches, exceptions will be granted by the Secretary of the Senate, Chief Clerk of the House, and the Chief Justice, respectively.

The act applies to all agencies, offices, and institutions of the executive, legislative, and judicial branches of state government.

Summary of Bill: The restrictions on salary and wage increases of chapter 5, Laws of 2009 do not apply to higher education institutions granting salary and wage increases to retain critical academic personnel, critical personnel not funded from state funds or tuition, or additional academic responsibilities during summer quarter.

The hiring restrictions of chapter 5, Laws of 2009 do not apply to student workers, campus police and security, emergency management, and student health care and counseling positions.

The personal services contracts restrictions of chapter 5, Laws of 2009 do not apply to hearing officers, real estate appraisals, habitat assessments, information technology projects approved by the Information Services Board, technology projects of the Judicial Information System, or costs related to carrying out a court order.

The equipment purchasing restrictions of chapter 5, Laws of 2009 do not apply to the Judicial Information System, costs funded from private or federal grants, maintenance of existing computer software and hardware, the operations of the Department of Information Services, or projects funded in the capital or transportation budgets.

The state employee travel and training restrictions of chapter 5, Laws of 2009 do not apply to costs relating to a court order or specified travel to a contiguous state or British Columbia.

The five-day legislative notice requirement is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: There are several types of exemptions from ESSB 5460 that are not practical or amenable for a categorical approval by OFM, or might not meet the strict statutory exemption criteria. Many of these needs fall in the area of higher education, such as summer quarter employment, student workers, etc. Important

information-technology projects need to proceed on an expedited basis and cannot wait for the OFM exemption process; any delay means increased costs. The restrictions on state employee out-of-state travel are impractical and counterproductive if the travel involves a nearby city in an adjoining state.

Persons Testifying: PRO: Julie Murray, OFM.