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**State Government & Tribal Affairs**  
**Committee**

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**HB 1720**

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

**Sponsors:** Representatives Hunt and McCoy; by request of Governor Gregoire.

**Brief Summary of Bill**

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

**Hearing Date:** 2/7/11

**Staff:** Thamas Osborn (786-7129) and Marsha Reilly (786-7135).

**Background:**

Department of General Administration.

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

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universities, and a number of non-profit organizations. The duties and functions of the GA include:

- purchasing and contracting for goods and services;
- lease 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;
- 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.

#### Office of the Public Printer.

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:

- the session laws;
- bill, 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 utilizing 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 such outside vendors can provide more efficient service.

#### Department of Personnel.

The Department of Personnel (DOP) manages the state's civil service system that was established through Initiative Measure No. 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 the 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 manages collective bargaining provisions, including the determination of appropriate bargaining units within any agency.

### Office of Financial Management.

#### *Overview of the Office of Financial Management.*

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 the OFM are to provide planning, assistance, and coordination in the preparation of budgets; management and estimates of the cash flow of all public funds; performing functions and research related to the state census and assisting in the federal census; preparation of fiscal notes for proposed legislation; oversight of the state's risk management; and management of personal services contracts.

#### *Risk Management Division.*

The duties of the Risk Management Division 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 Risk Management 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.

#### *Management of Personal Services Contracts.*

In its management of personal services contracts, the 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 service contracts. The 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 service 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.

### Department of Information Services.

#### Overview of the Department of Information Services.

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 public benefit non-profit corporations, on a cost-recovery basis. The Director of the DIS is responsible for overseeing the functions of the DIS, as well as maintaining a strategic planning and policy component for the state by serving as the state Chief Information Officer .

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

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

#### Data Processing Revolving Fund.

The DIS administers a data processing revolving 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 the DIS, Washington State University, and other public entities.

#### Licensed Certification Authority

The Office of the Secretary of State (OSOS) administers the Electronic Authentication Act (EAA). The EAA governs the use of digital signature technology in electronic transactions and creates a process for the OSOS to license entities that verify the authenticity of digital signatures. These entities are called "certification authorities."

Under the 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:**

### **Part I: Creation of Department of Enterprise Services (DES).**

#### Introduction.

The Department of Enterprise Services (DES) is created as an executive branch agency vested with some or all of the powers and duties of the Department of General Administration (GA), the

Public Printer (Printer), the Department of Personnel (DOP), the Office of Financial Management (OFM), and the Department of Information Services (DIS). The director of the DES is appointed by the Governor and is subject to confirmation by the Senate.

Impacts of Agency Reorganization.

The creation of the DES and the concomitant reorganization of state agencies have the following impacts:

- The GA is eliminated and its powers and duties are transferred to the DES;
- The Printer is eliminated and its powers and duties are transferred to the DES;
- The OFM is retained, but some powers and duties are transferred to the DES; and
- The DOP is eliminated and its powers and duties are distributed between the OFM and the DES; and
- The DIS is retained, but some powers and duties are transferred to the DES.

Duties and Responsibilities of the DES.

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

State Procurement Practices.

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

**Part II: Powers and Duties Transferred from the GA to the DES.**

The GA is eliminated, and all of the powers, duties, functions, assets, and personnel of the GA are transferred to the DES as part of the agency reorganization process. All statutory references to the "Department of General Administration" or its "Director" in the Revised Code of Washington are to be construed to mean the Department of Enterprise Services or its Director.

The transfer of the GA's powers, duties, and functions to the DES encompasses the following:

- agency records and assets;
- agency appropriations;
- agency employees; and
- collective bargaining units.

Repealed Statutes: Chapter 43.19 RCW (GA).

In the process of transferring the functions and duties of the GA to the DES, the following statutes pertaining to the GA are repealed:

- RCW 43.19.010; provisions pertaining to the appointment and powers of the director of the GA;
- RCW 43.19.1923; provisions pertaining to the GA central services account;
- RCW 43.19.1925; requirements for the combined purchases of commonly used items, advance payments by state agencies, and costs of operating central stores;

- RCW 43.19.590; employees of the motor pool retain their employment status and remain covered by civil service law upon being transferred to employment by the GA (1975 law);
- RCW 43.19.595; vehicles, property, facilities, funds and all other assets from the motor pool of the department of highways are transferred to the GA;
- RCW 43.19.615; requires that funds related to the motor vehicle transportation service be deposited in the GA's general administration services account;
- RCW 43.19.675; requires an energy audit be conducted for each state owned facility by either the GA or other agency responsible for such facility; and
- RCW 43.19.680; provisions relating to energy conservation maintenance and operation procedures for state owned facilities.

### **Part III: Powers and Duties Transferred from the Printer to the DES.**

The Printer is eliminated and all of the powers, duties, functions, assets, and personnel of the Printer are transferred to the DES as part of the agency reorganization process. All statutory references to the "Public Printer" in the Revised Code of Washington are to be construed to mean the Department of Enterprise Services or its Director.

The transfer of the Printer's powers, duties, and functions to the DES encompass the following:

- agency records and assets;
- agency appropriations;
- agency employees; and
- collective bargaining agreements, but subject to specified conditions and expiration dates.

The transfer of duties, functions, and powers to the DES includes the creation of additional statutory provisions and requirements pertaining to the printing of public documents under the authority of the DES, as described in the sections below.

#### Public Printing Revolving Account.

The public printing revolving 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 the DES or the director's designee may authorize expenditures from the account.

#### Print Management Contracts.

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

#### Envelope Standardization.

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

#### Printing and Binding Jobs.

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

Repealed Statutes: Chapter 43.78 RCW (Printer).

In the process of transferring the functions and duties of the Printer to the DES, the following statutes pertaining to the Printer are repealed:

- RCW 43.78.010; authorizing the Governor's appointment of a Printer;
- RCW 43.78.020; requirement that Printer be bonded before assuming duties;
- RCW 43.78.040; requires that public entities requesting printing jobs do so by requisition and that such entities must oversee such printing jobs;
- RCW 43.78.050; requires that the Printer provide the requesting agency with an itemized statement of charges upon delivery of a printing or binding job; and
- RCW 43.78.080; contains requirements for charges assessed against public agencies for printing jobs and establishes five classes of printing and binding jobs.

**Part IV: Powers and Duties Transferred from the DOP to the DES.**

The Department of Personnel is eliminated and its powers and duties divided between the OFM and the DES. Generally, the OFM shall direct and supervise personnel policies and the application of civil service laws and the DES shall direct and supervise the implementation of the laws.

The position of Director of Human Resources (Director) is created within the 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 that must be:

- simple and streamlined;
- support state agencies in responding to changing environments;
- ensure salary alignment for similar positions;
- value workplace diversity;
- facilitate the reorganization and decentralization of governmental services;
- enhance mobility and career advancement opportunities; and
- consider rates in other public and private employment in the state.

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 the OFM formerly performed by the 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 fund, the higher education personnel service fund; and
- joint oversight and custody of the personnel service fund.

Duties transferred to the DES formerly performed by the DOP include:

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

Other policy changes include the removal of the public 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 the DOP and the appointment of the Director of the 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.

#### **Part V: Powers and Duties Transferred from the OFM to the DES.**

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

#### **Part VI: Powers and Duties Transferred from the DIS to the DES.**

A limited number of specified power, duties, and functions of the DIS are transferred to the DES, as described in the sections below.

##### *Data Processing Revolving Fund.*

The DES is authorized to receive funding from the data processing revolving fund in order to pay for equipment, supplies, services, salaries, wages, and other costs related to the implementation of information services and telecommunications systems.



Licensed Certification Authority.

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

Procurement of a Geographic Information System Map.

The DES is authorized, through a competitive bidding process, to procure on behalf of the state a geographic information system map detailing high-speed internet infrastructure, service availability, and adoption. This geographic information system map may include adoption information, availability information, type of high-speed internet deployment technology, and available speed tiers for high-speed internet based on any publicly available data.

Purchase of Wireless Devices or Services.

State agencies that are purchasing wireless devices or services must make such purchases through the state master contract, unless the state agency provides to the 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.

Repealed Statutes: Chapter 43.105 RCW (DIS).

In the process of transferring some of the functions and duties of the DIS to the DES, the following statutes pertaining to the DIS are repealed:

- RCW 43.105.300; encouraging state agencies and local governments to provide employee education in the use and implementation of electronic technologies; and
- RCW 43.105.360; requires DIS to make publicly available a web directory of public facilities that provide community technology programs throughout the state.

**Part VII: Administrative Provisions; Review of Collective Bargaining Units.**

By January 1, 2012, the Public Employment Relations Commission (Commission) must review the appropriateness of the collective bargaining units transferred to the DES by the GA, the Printer, and the 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, shall continue as the exclusive bargaining representative without the necessity of 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:** Requested.

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