

# SENATE BILL REPORT

## SB 5523

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As of February 4, 2011

**Title:** An act relating to state printing.

**Brief Description:** Eliminating the state printing operation.

**Sponsors:** Senators Tom, Litzow, Hobbs, Zarelli, Hatfield, Kastama, Haugen, Rockefeller, Hewitt, Schoesler and Shin.

**Brief History:**

**Committee Activity:** Ways & Means: 2/03/11.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Jenny Greenlee (786-7711)

**Background:** The Public Printer, also known as the Department of Printing (Department), was established in 1854. Under RCW Chapter 43.78 the Department is required to provide all printing and binding for the Legislature and state agencies, with certain exceptions.

The Department may subcontract a printing job to a private vendor under some circumstances. The Department may also apply a 5 percent markup to these print jobs, unless filling an order from a higher education institution. Current law requires the Department to charge the actual cost for print jobs but these costs may not exceed the prices listed in the Franklin Pricing Guide.

Employees of the Department are not covered by the state civil service law. Three bargaining units of printing craft employees and the Department have entered into collective bargaining agreements.

**Summary of Bill:** Effective July 1, 2011, the Department is eliminated as a state agency. In coordination with the Department of General Administration (GA), they will sell or surplus all equipment. GA will develop a plan for disposing of or leasing the state plant building and that plan is due to the Legislature by December 15, 2011.

**Appropriation:** None.

**Fiscal Note:** Requested on January 28, 2011.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2011.

**Staff Summary of Public Testimony:** PRO: The state does contract out roughly 50 percent of the printing to private contractors, which is a good sign that the state could fully privatize printing. This is a great time to contract out and reduce the size and scope of state government. The State Auditor has reviewed operations. The private sector can compete effectively on many fronts. They want to work with the state to get a lean and effective procurement operation in place to identify a small roster of private printers who can compete and who are authorized to do business with the state. Instead of paying payroll and benefits for these employees, the state gains tax revenue from these private sector providers. The private sector can provide the services more cheaply, saving operating costs. When looking at the core functions of government and making difficult decisions about priorities, take a leap of faith and work with the private sector to fulfill the printing needs so government can focus on more important things than the printing business.

CON: The state will not save money by eliminating the state printer. This bill just shifts costs from the Printer to for-profit, private sector employers and the same costs will be incurred. Decentralizing printing to agencies will replicate costs in these agencies and is not cost effective. Agencies should be able to focus on their programs and leave the specialized work of printing to the Printer. This could lead to an increase in full time equivalents in state agencies. The Department is not a profit motivated entity. They just try to break even and are successful in doing that. They manufacture envelopes and mailings and meet the printing needs of the state. If they can't meet those needs, they do go to the private market and can secure a trade discount.

OTHER: There are a number of proposals regarding the state printer. Printing is an important and critical function that does need looking into. The Governor is proposing to bring the printer into a Department of Enterprise Services. The State Printer contracts out 35 percent of its work. Under this bill, there could be many people in state agencies trying to figure out how to contract for printing services. The printing industry is changing dramatically in terms of physical printing. We are moving more to the use of technology to avoid printing and mailing costs. GA has the consolidated mail services and the Department of Information Services also has a print shop. The Governor wants to bring all these agencies together so that as printing changes over time the state will have the ability to manage that in a coordinated way. It's unknown if we will get immediate fiscal savings. The Auditor will have a report out at the end of February 2011.

**Persons Testifying:** PRO: Bill Stauffacher, Pacific Printing and Imaging Association.

CON: Brian Earl, Teamsters Local 767.

OTHER: Kathleen Drew, Governor's Office.