

FINAL BILL REPORT

ESSB 5931

PARTIAL VETO C 43 L 11 E 1 Synopsis as Enacted

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Baumgartner and Zarelli).

Senate Committee on Ways & Means **House Committee on Ways & Means**

Background: Washington State has several central service agencies that primarily provide services to other state agencies and occasionally local governments and nonprofits.

Department of General Administration (GA). GA provides support services to state agencies, and other entities such as schools, local governments, higher education institutions, and nonprofits. Services provided by GA include purchasing and contracting for goods and services, lease management, facility and grounds maintenance, construction project management, state motor pool, operation of the consolidated mail services, adoption of state building code, and oversight of bidding procedures.

Office of Public Printer (Printer). The Printer was established in 1854 and provides printing and binding for a wide range of agency documents. The Printer may subcontract printing to a private vendor under some circumstances. In those cases, the Printer may apply a 5 percent markup. Current law requires the Printer to charge the actual cost for print jobs but those costs may not exceed the prices listed in the Franklin Pricing Guide.

Department of Personnel (DOP). DOP manages the state's civil services system since creation by initiative in 1960. Civil service law applies to all state agencies, institutions of higher education, boards and commissions and each employee, unless expressly excluded or exempted by law. DOP duties include oversight and administration of the civil service system and administration and operation of the central personnel payroll system. The Director of DOP is responsible for adopting rules regarding disciplinary and other employee action, transfers, training and career development, sick leave and vacations, layoffs and reemployment, salary schedules and performance evaluations. The Public Employment Relations Commission manages collective bargaining provisions, including the determination of appropriate bargaining units within any agency.

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.

Office of Financial Management (OFM). OFM was established in 1969 as a division of the Office of the Governor. The general duties of OFM including planning and coordination in the preparation of budgets, accounting functions, research related to the state and federal census, preparation of fiscal notes, oversight of the state's risk management, and management of personal service contracts.

Department of Information Services (DIS). DIS provides technology-based services to state agencies and local governments. The Director of DIS is responsible for managing the functions of DIS, as well as serving as the state's Chief Information Officer (CIO). DIS provides a variety of services including telecommunications and computing services, procurement of technology equipment through master contracts, and information technology (IT) support. DIS must charge a fee sufficient to fully recover all costs associated with providing its services. State agencies may procure information technology services through DIS, but are not required to do so.

The Information Services Board (ISB) is staffed by DIS and provides authorization and oversight for managing large IT projects. ISB is tasked with developing state IT standards, governing acquisitions, reviewing and approving statewide IT strategic plans, and developing statewide technical polices. The members of ISB include state agencies and members of the Legislature.

Civil Service and Collective Bargaining. The state civil service law establishes the state's personnel administration system. Civil service rules apply to non-represented classified employees. These rules may be superseded by collective bargaining agreements for represented employees. State collective bargaining law provides for bargaining by the Governor and representatives of classified employee bargaining units. Collective bargaining agreements must be submitted to OFM by October 1, and to the Legislature as part of the Governor's budget proposal. The Legislature must accept or reject the request for funds necessary to implement the agreements as a whole.

Summary: Many of the central service agencies are significantly reorganized and two new state agencies are created, the Department of Enterprise Services (DES) and the Consolidated Technology Services (CTS).

Part 1 - Creation of DES. DES is tasked with providing products and services to support state agencies, other governmental entities, and nonprofits. DES is an executive branch agency and the director is appointed by the Governor and subject to confirmation by the Senate.

DES assumes the following responsibilities:

- all roles and responsibilities of GA and the Printer;
- risk management and oversight of personal service contracts from OFM;
- training and career development, oversight of the payroll system, and many other basic functions of DOP; and
- purchase of wireless devices and digital signature authority from DIS.

Additionally, OFM must examine on a biennial basis which services within DES might be performed by the private sector. Until June 30, 2018, OFM will select up to six activities each biennium for DES to competitively bid to the private sector. If a service cannot be provided at a lower rate or more efficiently, OFM will notify DES to cancel the bid. If the bid is canceled, OFM must notify the legislative fiscal committees. OFM must report on the results of these examinations biennially and the legislative fiscal committees must hold a public hearing on the reports. The Joint Legislative and Audit Review Committee (JLARC) will conduct a study of the implementation of contracting for services at DES and report to the Legislature by January 1, 2018. DES must also examine state procurement practices and report on recommendations for improvement by December 31, 2011.

Part 2 - Powers and Duties Transfer from GA to DES. GA is eliminated as a state agency and all of its powers and duties are assigned to DES. Provisions regarding bid processes are revised to require that all purchases require formal sealed bids and exceptions to formal bid direct buy purchases are added. The DES director is required to establish policies annually to define bid criteria and limits.

Part 3 - Powers and Duties Transfer from the Public Printer. The State Printer's powers and duties are transferred to the DES. State agencies are no longer required to use the State Printer. If a print job is solicited, then DES must be included. Bids must encourage the use of recycled paper and biodegradable ink. Printing that contains sensitive or personally identifiable information must be done by DES or, if contracted, a confidentiality agreement must be included in the printing contract. DES must provide printing services on a cost recovery basis. State agencies are required to consult with DES regarding economic and efficient options for printing jobs. DES will issue guidelines for agencies to manage their print operations. DES will prepare recommendations regarding agency specific print shops. DES will broker print management contracts for state agencies. All agencies with 1000 FTEs or more will utilize print management services. These print management contracts must result in savings. OFM may authorize an exemption from this requirement. All agencies with 500 FTEs or more must consult with DES to standardize the use of envelopes.

Part 4 - Powers and Duties Transferred from GA to DES. DOP is eliminated and its powers and duties divided between OFM and DES. DES will receive the majority of DOP's responsibilities including training, and career development, and oversight of the payroll system. DES is responsible for job classification activities.

Other functions currently performed by DOP are transferred to OFM. These functions include creating broad personnel policies, compensation and salary scheduling, and prescription of training provisions for supervisory or management positions.

Part 5 - Powers and Duties Transferred from OFM to DES. Risk management and personal services contracting oversight activities are transferred from OFM to DES.

Part 6 - Powers and Duties Transferred from DIS. DES is authorized to receive funding from the Data Processing Revolving Account as DIS will no longer exist as a state agency. High-speed Internet programs are moved to the Department of Commerce.

Part 7 - Creation of the Office of the Chief Information Officer (OCIO). OCIO is created within OFM. OCIO is responsible for the preparation and implementation of a strategic IT plan and enterprise architecture (EA) for the state. OCIO must work towards standardization and consolidation of IT infrastructure, establish standards and policies for EA, and educate and inform the state on IT matters. CIO is appointed by the Governor and subject to confirmation by the Senate.

OCIO will prepare a biennial state performance report on IT, evaluate current IT spending and budget requests, and oversee major IT projects including procurements.

An 13-member Technology Services Board (TSB) is created. The TSB will consist of eight members appointed by the Governor and four legislators. Three of the Governor's appointees must be representatives of state agencies or institutions, and three representatives must be from the private sector. Of the state agency representatives, at least one must have direct experience using the software projects overseen by the TSB or reasonably expect to use the new software developed under the oversight of the TSB. Two non-voting members with IT expertise must be appointed by the Governor: (1) a representative of a state agency bargaining unit that will be selected from a list of names submitted by each of the general government exclusive bargaining representatives; (2) a representative of local governments that will be selected from a list of names submitted by commonly recognized local government organizations.

The CIO will be a member of the TSB and serve as chair.

The TSB will:

- review and approve standards and procedures developed by the OCIO governing the acquisition and disposition of equipment, proprietary software and purchased services, licensing of radio spectrum by or on behalf of state agencies, and confidentiality of computerized data;
- review and approve statewide or interagency technical policies, standards, and procedures developed by the OCIO;
- review and approve standards and common specifications for new or expanded telecommunications networks proposed by agencies, public postsecondary educational institutions, educational service districts, or providers of K-12 information technology services;
- develop a policy to determine whether a proposed product or service should undergo an independent analysis prior to being submitted for inclusion in any proposed operating, capital, or transportation budget;
- review, approve and provide oversight of major IT projects to ensure that no major IT project is approved or authorized funding without consideration of the technical and financial business case for the project; provide a forum to solicit external input on IT developments, enterprise architecture, standards, and policy development; and
- provide a forum where IT plans, policies, and standards can be reviewed.

Agencies are required to submit IT portfolios and are required to co-locate servers within the state data center. OCIO will assess agencies ability to utilize CTS and develop a strategy for increase agency use of CTS.

Part 8 - Creation of CTS. A majority of service provision duties are transferred from DIS to CTS including server hosting and network administration, telephony, security administration, and email.

Positions within the CTS related to systems integration, data center engineering and management, network systems engineering and management, information technology contracting, information technology customer relations management, and network and systems security can be made exempt. Senior experts in enterprise IT infrastructure, engineering, or systems can also be made exempt.

The CTS may contract for services related to operation and management of the State Data Center, if they are approved by the TSB. The TSB may approve contracting for other services and activities if those services are recommended by the CIO through a business plan.

Votes on Final Passage:

First Special Session

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| Senate | 29 | 18 | |
| House | 54 | 42 | (House amended) |
| Senate | 31 | 13 | (Senate concurred) |

Effective: October 1, 2011.
December 31, 2011 (Section 462).
January 1, 2012 (Sections 109, 448 and 732).

Partial Veto Summary: The Governor vetoed a requirement that the State Auditor conduct a performance audit of the consolidated state data center. Sections related to transferring the Education Research Data Center from OFM to the Legislative Evaluation and Accountability Program Committee are also vetoed.