

SENATE BILL REPORT

SB 6607

As Reported by Senate Committee On:
Ways & Means, February 27, 2012

Title: An act relating to the central service costs of state government.

Brief Description: Instituting policies to reduce the central service costs of state government.

Sponsors: Senators Kilmer, Frockt, Kastama, Hatfield, Harper, Hargrove, Hill, Murray, Becker, Hobbs and Hewitt.

Brief History:

Committee Activity: Ways & Means: 2/23/12, 2/27/12 [DPS, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6607 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Padden, Pridemore, Regala, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Baumgartner and Holmquist Newbry.

Staff: Jenny Greenlee (786-7711)

Background: The Department of Enterprise Services (DES) is required to ensure that overall state purchasing and material control policy is implemented by state agencies, including the development of master purchasing contracts for use by state agencies. Among the specific duties of DES are (1) the operation of a motor vehicle transportation service for use by state agency personnel; and (2) public printing services for state agencies.

A variety of central administrative services are provided to state agencies by other state agencies. The Attorney General provides legal services to state agencies; the State Auditor provides financial audit services; the Secretary of State provides archive services and records management; the Consolidated Technology Services Agency provides information technology services; and DES provides a variety of personnel and facility management

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services. To recover the cost of these services, state agencies typically make payments from agency appropriations to a variety of revolving funds, such as the Legal Services Revolving Fund, the Auditing Services Revolving Account, and the Enterprise Services Fund.

Summary of Bill (Recommended Substitute): DES, in consultation with the Chief Information Officer, must adopt a statewide policy to reduce unnecessary cell-phone use and to adopt statewide master contracts to achieve lower costs. Cost-reduction goals and performance measurements are required. The state policy and master contracts may authorize state agencies to purchase prepaid cell-phones.

DES, in consultation with the Chief Information Officer, must adopt a statewide policy to reduce unnecessary agency mailings, substituting electronic communications where possible. Cost-reduction goals and performance measurements are required.

DES must adopt a statewide policy on agency print shops to reduce unnecessary costs. Cost-reduction goals and performance measurements are required.

The higher education institutions are exempt from these policies.

DES must adopt a statewide policy on motor vehicle acquisition to reduce unnecessary costs by requiring a life-cycle cost analysis of purchase price, maintenance costs, and operational costs, including fuel efficiency. Cost-reduction goals and performance measurements are required.

DES contracts with commercial real estate brokers to negotiate real estate licenses on behalf of state agencies.

The Office of Financial Management and DES are directed to convene a joint workgroup to examine the central services rate model for allocating agency auditing costs, legal services, archives, and services provided by DES and the Consolidated Technology Services Agency. Participants include DES, the Office of Financial Management, the State Auditor, the Attorney General, the Consolidated Technology Services Agency, and legislative fiscal staff. The workgroup's report and recommendations to the Legislature and the Governor are due by September 1, 2012.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Higher education institutions are exempt from the provisions pertaining to cell-phones, mailings and printing. DES must contract with a commercial real estate broker for the negotiation of real estate leases. The state's ability to purchase prepaid cell-phones is clarified.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The State Auditor supports this bill. Performance audits have indicated that significant savings can be realized in the areas of cell-phones, mailings, and printing. This bill also looks at the methodology behind the charges to state agencies, which is long overdue. Agencies need to examine if some printing is even necessary. Print management can be a good way for the state to save money but there are different definitions of print management. It would be good to include a repeal of the strict definition of print management that is in current law so there is more flexibility.

OTHER: DES is well positioned to provide leadership on these issues to state agencies. This bill is very targeted, which is a helpful approach on these issues. DES also appreciates the ability to look at rates and make them logical and cost-efficient. This examination has the potential to create efficiencies and savings to the state.

Persons Testifying: PRO: Linda Long, State Auditor's Office; Jim King, Independent Business Assn.

OTHER: Tim Gugerty, DES.