

**SSB 5073** - H COMM AMD

By Committee on General Government & Information Technology

1 Strike everything after the enacting clause and insert the  
2 following:

3 "PART I

4 GENERAL PROVISIONS

5 **Sec. 101.** RCW 43.82.055 and 2007 c 506 s 6 are each amended to  
6 read as follows:

7 The office of financial management shall:

8 (1) Work with the department of (~~general administration~~)  
9 enterprise services and all other state agencies to determine the  
10 long-term facility needs of state government; (~~and~~)

11 (2) Develop and submit a six-year facility plan to the  
12 legislature by January 1st of every odd-numbered year(~~(, beginning~~  
13 ~~January 1, 2009,)~~) that includes state agency space requirements and  
14 other pertinent data necessary for cost-effective facility planning.  
15 The department of (~~general administration~~) enterprise services  
16 shall assist with this effort as required by the office of financial  
17 management; and

18 (3) Establish and enforce policies and workplace strategies that  
19 promote the efficient use of state facilities.

20 **Sec. 102.** RCW 43.82.150 and 2007 c 506 s 7 are each amended to  
21 read as follows:

22 (1) The office of financial management shall develop and maintain  
23 an inventory system to account for all facilities owned or leased  
24 (~~facilities utilized~~) by state government. At a minimum, the  
25 inventory system must include the facility owner, location, type,  
26 condition, use data, and size of each facility. In addition, for  
27 owned facilities, the inventory system must include the date and cost  
28 of original construction and the cost of any major remodeling or  
29 renovation. The inventory must be updated by all agencies,  
30 departments, boards, commissions, and institutions by June 30th of  
31 each year. The office of financial management shall publish a report  
32 summarizing information contained in the inventory system for each

1 agency by October 1st of each year, beginning in 2010 and shall  
2 submit this report to the appropriate fiscal committees of the  
3 legislature.

4 ~~(2) ((All agencies, departments, boards, commissions, and  
5 institutions of the state of Washington shall provide to the office  
6 of financial management a complete inventory of owned and leased  
7 facilities by September 1, 2010. The inventory must be updated and  
8 submitted to the office of financial management by September 1st of  
9 each subsequent year.))~~ The ((inventories)) inventory required under  
10 this subsection must be submitted in a standard format prescribed by  
11 the office of financial management.

12 ~~(3) ((The office of financial management shall report to the  
13 legislature by September 1, 2008, on recommended improvements to the  
14 inventory system, redevelopment costs, and an implementation schedule  
15 for the redevelopment of the inventory system. The report shall also  
16 make recommendations on other improvements that will improve  
17 accountability and assist in the evaluation of budget requests and  
18 facility management by the governor and the legislature.~~

19 ~~(4))~~ For the purposes of this section, "facilities" means  
20 buildings and other structures with walls and a roof. "Facilities"  
21 does not mean roads, bridges, parking areas, utility systems, and  
22 other similar improvements to real property.

23 **Sec. 103.** RCW 43.88.160 and 2012 c 230 s 1 are each amended to  
24 read as follows:

25 This section sets forth the major fiscal duties and  
26 responsibilities of officers and agencies of the executive branch.  
27 The regulations issued by the governor pursuant to this chapter shall  
28 provide for a comprehensive, orderly basis for fiscal management and  
29 control, including efficient accounting and reporting therefor, for  
30 the executive branch of the state government and may include, in  
31 addition, such requirements as will generally promote more efficient  
32 public management in the state.

33 (1) Governor; director of financial management. The governor,  
34 through the director of financial management, shall devise and  
35 supervise a modern and complete accounting system for each agency to  
36 the end that all revenues, expenditures, receipts, disbursements,  
37 resources, and obligations of the state shall be properly and  
38 systematically accounted for. The accounting system shall include the  
39 development of accurate, timely records and reports of all financial

1 affairs of the state. The system shall also provide for central  
2 accounts in the office of financial management at the level of detail  
3 deemed necessary by the director to perform central financial  
4 management. The director of financial management shall adopt and  
5 periodically update an accounting procedures manual. Any agency  
6 maintaining its own accounting and reporting system shall comply with  
7 the updated accounting procedures manual and the rules of the  
8 director adopted under this chapter. An agency may receive a waiver  
9 from complying with this requirement if the waiver is approved by the  
10 director. Waivers expire at the end of the fiscal biennium for which  
11 they are granted. The director shall forward notice of waivers  
12 granted to the appropriate legislative fiscal committees. The  
13 director of financial management may require such financial,  
14 statistical, and other reports as the director deems necessary from  
15 all agencies covering any period.

16 (2) Except as provided in chapter 43.88C RCW, the director of  
17 financial management is responsible for quarterly reporting of  
18 primary operating budget drivers such as applicable workloads,  
19 caseload estimates, and appropriate unit cost data. These reports  
20 shall be transmitted to the legislative fiscal committees or by  
21 electronic means to the legislative evaluation and accountability  
22 program committee. Quarterly reports shall include actual monthly  
23 data and the variance between actual and estimated data to date. The  
24 reports shall also include estimates of these items for the remainder  
25 of the budget period.

26 (3) The director of financial management shall report at least  
27 annually to the appropriate legislative committees regarding the  
28 status of all appropriated capital projects, including transportation  
29 projects, showing significant cost overruns or underruns. If funds  
30 are shifted from one project to another, the office of financial  
31 management shall also reflect this in the annual variance report.  
32 Once a project is complete, the report shall provide a final summary  
33 showing estimated start and completion dates of each project phase  
34 compared to actual dates, estimated costs of each project phase  
35 compared to actual costs, and whether or not there are any  
36 outstanding liabilities or unsettled claims at the time of  
37 completion.

38 (4) In addition, the director of financial management, as agent  
39 of the governor, shall:

1 (a) Develop and maintain a system of internal controls and  
2 internal audits comprising methods and procedures to be adopted by  
3 each agency that will safeguard its assets, check the accuracy and  
4 reliability of its accounting data, promote operational efficiency,  
5 and encourage adherence to prescribed managerial policies for  
6 accounting and financial controls. The system developed by the  
7 director shall include criteria for determining the scope and  
8 comprehensiveness of internal controls required by classes of  
9 agencies, depending on the level of resources at risk.

10 ~~((Each))~~ (i) For those agencies that the director determines  
11 internal audit is required, the agency head or authorized designee  
12 shall be assigned the responsibility and authority for establishing  
13 and maintaining internal audits following ~~((the))~~ professional audit  
14 standards ~~((of internal auditing of))~~ including generally accepted  
15 government auditing standards or standards adopted by the institute  
16 of internal auditors, or both.

17 (ii) For those agencies that the director determines internal  
18 audit is not required, the agency head or authorized designee may  
19 establish and maintain internal audits following professional audit  
20 standards including generally accepted government auditing standards  
21 or standards adopted by the institute of internal auditors, or both,  
22 but at a minimum must comply with policies as established by the  
23 director to assess the effectiveness of the agency's systems of  
24 internal controls and risk management processes;

25 (b) Make surveys and analyses of agencies with the object of  
26 determining better methods and increased effectiveness in the use of  
27 manpower and materials; and the director shall authorize expenditures  
28 for employee training to the end that the state may benefit from  
29 training facilities made available to state employees;

30 (c) Establish policies for allowing the contracting of child care  
31 services;

32 (d) Report to the governor with regard to duplication of effort  
33 or lack of coordination among agencies;

34 (e) Review any pay and classification plans, and changes  
35 thereunder, developed by any agency for their fiscal impact:  
36 PROVIDED, That none of the provisions of this subsection shall affect  
37 merit systems of personnel management now existing or hereafter  
38 established by statute relating to the fixing of qualifications  
39 requirements for recruitment, appointment, or promotion of employees  
40 of any agency. The director shall advise and confer with agencies

1 including appropriate standing committees of the legislature as may  
2 be designated by the speaker of the house and the president of the  
3 senate regarding the fiscal impact of such plans and may amend or  
4 alter the plans, except that for the following agencies no amendment  
5 or alteration of the plans may be made without the approval of the  
6 agency concerned: Agencies headed by elective officials;

7 (f) Fix the number and classes of positions or authorized  
8 employee years of employment for each agency and during the fiscal  
9 period amend the determinations previously fixed by the director  
10 except that the director shall not be empowered to fix the number or  
11 the classes for the following: Agencies headed by elective officials;

12 (g) Adopt rules to effectuate provisions contained in (a) through  
13 (f) of this subsection.

14 (5) The treasurer shall:

15 (a) Receive, keep, and disburse all public funds of the state not  
16 expressly required by law to be received, kept, and disbursed by some  
17 other persons: PROVIDED, That this subsection shall not apply to  
18 those public funds of the institutions of higher learning which are  
19 not subject to appropriation;

20 (b) Receive, disburse, or transfer public funds under the  
21 treasurer's supervision or custody;

22 (c) Keep a correct and current account of all moneys received and  
23 disbursed by the treasurer, classified by fund or account;

24 (d) Coordinate agencies' acceptance and use of credit cards and  
25 other payment methods, if the agencies have received authorization  
26 under RCW 43.41.180;

27 (e) Perform such other duties as may be required by law or by  
28 regulations issued pursuant to this law.

29 It shall be unlawful for the treasurer to disburse public funds  
30 in the treasury except upon forms or by alternative means duly  
31 prescribed by the director of financial management. These forms or  
32 alternative means shall provide for authentication and certification  
33 by the agency head or the agency head's designee that the services  
34 have been rendered or the materials have been furnished; or, in the  
35 case of loans or grants, that the loans or grants are authorized by  
36 law; or, in the case of payments for periodic maintenance services to  
37 be performed on state owned equipment, that a written contract for  
38 such periodic maintenance services is currently in effect; and the  
39 treasurer shall not be liable under the treasurer's surety bond for  
40 erroneous or improper payments so made. When services are lawfully

1 paid for in advance of full performance by any private individual or  
2 business entity other than equipment maintenance providers or as  
3 provided for by RCW 42.24.035, such individual or entity other than  
4 central stores rendering such services shall make a cash deposit or  
5 furnish surety bond coverage to the state as shall be fixed in an  
6 amount by law, or if not fixed by law, then in such amounts as shall  
7 be fixed by the director of the department of enterprise services but  
8 in no case shall such required cash deposit or surety bond be less  
9 than an amount which will fully indemnify the state against any and  
10 all losses on account of breach of promise to fully perform such  
11 services. No payments shall be made in advance for any equipment  
12 maintenance services to be performed more than twelve months after  
13 such payment except that institutions of higher education as defined  
14 in RCW 28B.10.016 may make payments in advance for equipment  
15 maintenance services to be performed up to sixty months after such  
16 payment. Any such bond so furnished shall be conditioned that the  
17 person, firm or corporation receiving the advance payment will apply  
18 it toward performance of the contract. The responsibility for  
19 recovery of erroneous or improper payments made under this section  
20 shall lie with the agency head or the agency head's designee in  
21 accordance with rules issued pursuant to this chapter. Nothing in  
22 this section shall be construed to permit a public body to advance  
23 funds to a private service provider pursuant to a grant or loan  
24 before services have been rendered or material furnished.

25 (6) The state auditor shall:

26 (a) Report to the legislature the results of current post audits  
27 that have been made of the financial transactions of each agency; to  
28 this end the auditor may, in the auditor's discretion, examine the  
29 books and accounts of any agency, official, or employee charged with  
30 the receipt, custody, or safekeeping of public funds. Where feasible  
31 in conducting examinations, the auditor shall utilize data and  
32 findings from the internal control system prescribed by the office of  
33 financial management. The current post audit of each agency may  
34 include a section on recommendations to the legislature as provided  
35 in (c) of this subsection.

36 (b) Give information to the legislature, whenever required, upon  
37 any subject relating to the financial affairs of the state.

38 (c) Make the auditor's official report on or before the thirty-  
39 first of December which precedes the meeting of the legislature. The  
40 report shall be for the last complete fiscal period and shall include

1 determinations as to whether agencies, in making expenditures,  
2 complied with the laws of this state. The state auditor is authorized  
3 to perform or participate in performance verifications and  
4 performance audits as expressly authorized by the legislature in the  
5 omnibus biennial appropriations acts or in the performance audit work  
6 plan approved by the joint legislative audit and review committee.  
7 The state auditor, upon completing an audit for legal and financial  
8 compliance under chapter 43.09 RCW or a performance verification, may  
9 report to the joint legislative audit and review committee or other  
10 appropriate committees of the legislature, in a manner prescribed by  
11 the joint legislative audit and review committee, on facts relating  
12 to the management or performance of governmental programs where such  
13 facts are discovered incidental to the legal and financial audit or  
14 performance verification. The auditor may make such a report to a  
15 legislative committee only if the auditor has determined that the  
16 agency has been given an opportunity and has failed to resolve the  
17 management or performance issues raised by the auditor. If the  
18 auditor makes a report to a legislative committee, the agency may  
19 submit to the committee a response to the report. This subsection (6)  
20 shall not be construed to authorize the auditor to allocate other  
21 than de minimis resources to performance audits except as expressly  
22 authorized in the appropriations acts or in the performance audit  
23 work plan. The results of a performance audit conducted by the state  
24 auditor that has been requested by the joint legislative audit and  
25 review committee must only be transmitted to the joint legislative  
26 audit and review committee.

27 (d) Be empowered to take exception to specific expenditures that  
28 have been incurred by any agency or to take exception to other  
29 practices related in any way to the agency's financial transactions  
30 and to cause such exceptions to be made a matter of public record,  
31 including disclosure to the agency concerned and to the director of  
32 financial management. It shall be the duty of the director of  
33 financial management to cause corrective action to be taken within  
34 six months, such action to include, as appropriate, the withholding  
35 of funds as provided in RCW 43.88.110. The director of financial  
36 management shall annually report by December 31st the status of audit  
37 resolution to the appropriate committees of the legislature, the  
38 state auditor, and the attorney general. The director of financial  
39 management shall include in the audit resolution report actions taken  
40 as a result of an audit including, but not limited to, types of

1 personnel actions, costs and types of litigation, and value of  
2 recouped goods or services.

3 (e) Promptly report any irregularities to the attorney general.

4 (f) Investigate improper governmental activity under chapter  
5 42.40 RCW.

6 In addition to the authority given to the state auditor in this  
7 subsection (6), the state auditor is authorized to conduct  
8 performance audits identified in RCW 43.09.470. Nothing in this  
9 subsection (6) shall limit, impede, or restrict the state auditor  
10 from conducting performance audits identified in RCW 43.09.470.

11 (7) The joint legislative audit and review committee may:

12 (a) Make post audits of the financial transactions of any agency  
13 and management surveys and program reviews as provided for in chapter  
14 44.28 RCW as well as performance audits and program evaluations. To  
15 this end the joint committee may in its discretion examine the books,  
16 accounts, and other records of any agency, official, or employee.

17 (b) Give information to the legislature or any legislative  
18 committee whenever required upon any subject relating to the  
19 performance and management of state agencies.

20 (c) Make a report to the legislature which shall include at least  
21 the following:

22 (i) Determinations as to the extent to which agencies in making  
23 expenditures have complied with the will of the legislature and in  
24 this connection, may take exception to specific expenditures or  
25 financial practices of any agencies; and

26 (ii) Such plans as it deems expedient for the support of the  
27 state's credit, for lessening expenditures, for promoting frugality  
28 and economy in agency affairs, and generally for an improved level of  
29 fiscal management.

30 **Sec. 104.** RCW 47.04.280 and 2013 c 199 s 1 are each amended to  
31 read as follows:

32 (1) It is the intent of the legislature to establish policy goals  
33 for the planning, operation, performance of, and investment in, the  
34 state's transportation system. The policy goals established under  
35 this section are deemed consistent with the benchmark categories  
36 adopted by the state's blue ribbon commission on transportation on  
37 November 30, 2000. Public investments in transportation should  
38 support achievement of these policy goals:



1 (a) Economic vitality: To promote and develop transportation  
2 systems that stimulate, support, and enhance the movement of people  
3 and goods to ensure a prosperous economy;

4 (b) Preservation: To maintain, preserve, and extend the life and  
5 utility of prior investments in transportation systems and services;

6 (c) Safety: To provide for and improve the safety and security of  
7 transportation customers and the transportation system;

8 (d) Mobility: To improve the predictable movement of goods and  
9 people throughout Washington state;

10 (e) Environment: To enhance Washington's quality of life through  
11 transportation investments that promote energy conservation, enhance  
12 healthy communities, and protect the environment; and

13 (f) Stewardship: To continuously improve the quality,  
14 effectiveness, and efficiency of the transportation system.

15 (2) The powers, duties, and functions of state transportation  
16 agencies must be performed in a manner consistent with the policy  
17 goals set forth in subsection (1) of this section.

18 (3) These policy goals are intended to be the basis for  
19 establishing detailed and measurable objectives and related  
20 performance measures.

21 (4) It is the intent of the legislature that the (~~office of~~  
22 ~~financial management~~) department of transportation establish  
23 objectives and performance measures for the department (~~of~~  
24 ~~transportation~~) and other state agencies with transportation-related  
25 responsibilities to ensure transportation system performance at  
26 local, regional, and state government levels progresses toward the  
27 attainment of the policy goals set forth in subsection (1) of this  
28 section. (~~The office of financial management shall submit initial~~  
29 ~~objectives and performance measures to the legislature for its review~~  
30 ~~and shall provide copies of the same to the commission during the~~  
31 ~~2008 legislative session.~~) The (~~office of financial management~~)  
32 department of transportation shall submit objectives and performance  
33 measures to the legislature for its review and shall provide copies  
34 of the same to the commission during each regular session of the  
35 legislature during an even-numbered year thereafter.

36 (5) A local or regional agency engaging in transportation  
37 planning may voluntarily establish objectives and performance  
38 measures to demonstrate progress toward the attainment of the policy  
39 goals set forth in subsection (1) of this section or any other  
40 transportation policy goals established by the local or regional

1 agency. A local or regional agency engaging in transportation  
2 planning is encouraged to provide local and regional objectives and  
3 performance measures to be included with the objectives and  
4 performance measures submitted to the legislature pursuant to  
5 subsection (4) of this section.

6 (6) This section does not create a private right of action.

7 **Sec. 105.** RCW 47.64.170 and 2013 c 306 s 521 are each amended to  
8 read as follows:

9 (1) Any ferry employee organization certified as the bargaining  
10 representative shall be the exclusive representative of all ferry  
11 employees in the bargaining unit and shall represent all such  
12 employees fairly.

13 (2) A ferry employee organization or organizations and the  
14 governor may each designate any individual as its representative to  
15 engage in collective bargaining negotiations.

16 (3) Negotiating sessions, including strategy meetings of the  
17 employer or employee organizations, mediation, and the deliberative  
18 process of arbitrators are exempt from the provisions of chapter  
19 42.30 RCW. Hearings conducted by arbitrators may be open to the  
20 public by mutual consent of the parties.

21 (4) Terms of any collective bargaining agreement may be enforced  
22 by civil action in Thurston county superior court upon the initiative  
23 of either party.

24 (5) Ferry system employees or any employee organization shall not  
25 negotiate or attempt to negotiate directly with anyone other than the  
26 person who has been appointed or authorized a bargaining  
27 representative for the purpose of bargaining with the ferry employees  
28 or their representative.

29 (6)(a) Within ten working days after the first Monday in  
30 September of every odd-numbered year, the parties shall attempt to  
31 agree on an interest arbitrator to be used if the parties are not  
32 successful in negotiating a comprehensive collective bargaining  
33 agreement. If the parties cannot agree on an arbitrator within the  
34 ten-day period, either party may request a list of seven arbitrators  
35 from the federal mediation and conciliation service. The parties  
36 shall select an interest arbitrator using the coin toss/alternate  
37 strike method within thirty calendar days of receipt of the list.  
38 Immediately upon selecting an interest arbitrator, the parties shall  
39 cooperate to reserve dates with the arbitrator for potential

1 arbitration between August 1st and September 15th of the following  
2 even-numbered year. The parties shall also prepare a schedule of at  
3 least five negotiation dates for the following year, absent an  
4 agreement to the contrary. The parties shall execute a written  
5 agreement before November 1st of each odd-numbered year setting forth  
6 the name of the arbitrator and the dates reserved for bargaining and  
7 arbitration. This subsection (6)(a) imposes minimum obligations only  
8 and is not intended to define or limit a party's full, good faith  
9 bargaining obligation under other sections of this chapter.

10 (b) The negotiation of a proposed collective bargaining agreement  
11 by representatives of the employer and a ferry employee organization  
12 shall commence on or about February 1st of every even-numbered year.

13 (c) For negotiations covering the 2009-2011 biennium and  
14 subsequent biennia, the time periods specified in this section, and  
15 in RCW 47.64.210 and 47.64.300 through 47.64.320, must ensure  
16 conclusion of all agreements on or before October 1st of the even-  
17 numbered year next preceding the biennial budget period during which  
18 the agreement should take effect. These time periods may only be  
19 altered by mutual agreement of the parties in writing. Any such  
20 agreement and any impasse procedures agreed to by the parties under  
21 RCW 47.64.200 must include an agreement regarding the new time  
22 periods that will allow final resolution by negotiations or  
23 arbitration by October 1st of each even-numbered year.

24 (7) It is the intent of this section that the collective  
25 bargaining agreement or arbitrator's award shall commence on July 1st  
26 of each odd-numbered year and shall terminate on June 30th of the  
27 next odd-numbered year to coincide with the ensuing biennial budget  
28 year, as defined by RCW 43.88.020(7), to the extent practical. It is  
29 further the intent of this section that all collective bargaining  
30 agreements be concluded by October 1st of the even-numbered year  
31 before the commencement of the biennial budget year during which the  
32 agreements are to be in effect. After the expiration date of a  
33 collective bargaining agreement negotiated under this chapter, except  
34 to the extent provided in subsection (11) of this section and RCW  
35 47.64.270(4), all of the terms and conditions specified in the  
36 collective bargaining agreement remain in effect until the effective  
37 date of a subsequently negotiated agreement, not to exceed one year  
38 from the expiration date stated in the agreement. Thereafter, the  
39 employer may unilaterally implement according to law.

1 (8) The office of financial management shall conduct a salary  
2 survey, for use in collective bargaining and arbitration(~~(, which~~  
3 ~~must be conducted through a contract with a firm nationally~~  
4 ~~recognized in the field of human resources management consulting)~~).

5 (9) Except as provided in subsection (11) of this section:

6 (a) The governor shall submit a request either for funds  
7 necessary to implement the collective bargaining agreements  
8 including, but not limited to, the compensation and fringe benefit  
9 provisions or for legislation necessary to implement the agreement,  
10 or both. Requests for funds necessary to implement the collective  
11 bargaining agreements shall not be submitted to the legislature by  
12 the governor unless such requests:

13 (i) Have been submitted to the director of the office of  
14 financial management by October 1st before the legislative session at  
15 which the requests are to be considered; and

16 (ii) Have been certified by the director of the office of  
17 financial management as being feasible financially for the state.

18 (b) The governor shall submit a request either for funds  
19 necessary to implement the arbitration awards or for legislation  
20 necessary to implement the arbitration awards, or both. Requests for  
21 funds necessary to implement the arbitration awards shall not be  
22 submitted to the legislature by the governor unless such requests:

23 (i) Have been submitted to the director of the office of  
24 financial management by October 1st before the legislative session at  
25 which the requests are to be considered; and

26 (ii) Have been certified by the director of the office of  
27 financial management as being feasible financially for the state.

28 (c) The legislature shall approve or reject the submission of the  
29 request for funds necessary to implement the collective bargaining  
30 agreements or arbitration awards as a whole for each agreement or  
31 award. The legislature shall not consider a request for funds to  
32 implement a collective bargaining agreement or arbitration award  
33 unless the request is transmitted to the legislature as part of the  
34 governor's budget document submitted under RCW 43.88.030 and  
35 43.88.060. If the legislature rejects or fails to act on the  
36 submission, either party may reopen all or part of the agreement and  
37 award or the exclusive bargaining representative may seek to  
38 implement the procedures provided for in RCW 47.64.210 and 47.64.300.

39 (10) If, after the compensation and fringe benefit provisions of  
40 an agreement are approved by the legislature, a significant revenue

1 shortfall occurs resulting in reduced appropriations, as declared by  
2 proclamation of the governor or by resolution of the legislature,  
3 both parties shall immediately enter into collective bargaining for a  
4 mutually agreed upon modification of the agreement.

5 (11)(a) For the collective bargaining agreements negotiated for  
6 the 2011-2013 fiscal biennium, the legislature may consider a request  
7 for funds to implement a collective bargaining agreement even if the  
8 request for funds was not received by the office of financial  
9 management by October 1st and was not transmitted to the legislature  
10 as part of the governor's budget document submitted under RCW  
11 43.88.030 and 43.88.060.

12 (b) For the 2013-2015 fiscal biennium, a collective bargaining  
13 agreement related to employee health care benefits negotiated between  
14 the employer and coalition pursuant to RCW 41.80.020(3) regarding the  
15 dollar amount expended on behalf of each employee must be a separate  
16 agreement for which the governor may request funds necessary to  
17 implement the agreement. The legislature may act upon a 2013-2015  
18 collective bargaining agreement related to employee health care  
19 benefits if an agreement is reached and submitted to the office of  
20 financial management and legislative budget committees before final  
21 legislative action on the biennial or supplemental operating budget  
22 by the sitting legislature.

23 (c) For the collective bargaining agreements negotiated for the  
24 2013-2015 fiscal biennium, the legislature may consider a request for  
25 funds to implement a collective bargaining agreement reached after  
26 October 1st after a determination of financial infeasibility by the  
27 director of the office of financial management if the request for  
28 funds is transmitted to the legislature as part of the governor's  
29 budget document submitted under RCW 43.88.030 and 43.88.060.

30 **Sec. 106.** RCW 47.64.360 and 2011 1st sp.s. c 16 s 12 are each  
31 amended to read as follows:

32 (1) The (~~office of financial management~~) department of  
33 transportation shall complete a government management and  
34 accountability performance report that provides a baseline assessment  
35 of current performance on the performance measures identified in RCW  
36 47.64.355 (~~and section 11 of this act~~) using final 2009-2011 data.  
37 This report must be presented to the legislature by November 1, 2011,  
38 through the attainment report required in RCW 47.01.071(5) and  
39 47.04.280.

1 (2) By December 31, 2012, and each year thereafter, the (~~office~~  
2 ~~of financial management~~) department of transportation shall complete  
3 a performance report for the prior fiscal year. This report must be  
4 reviewed by the joint transportation committee.

5 (3) Management shall lead implementation of the performance  
6 measures in RCW 47.64.355 (~~and section 11 of this act~~).

7 **Sec. 107.** RCW 79.44.060 and 2003 c 334 s 508 are each amended to  
8 read as follows:

9 When the chief administrative officer of an agency of state  
10 government is satisfied that an assessing district has complied with  
11 all the conditions precedent to the levy of assessments for district  
12 purposes, pursuant to this chapter against lands occupied, used, or  
13 under the jurisdiction of the officer's agency, he or she shall pay  
14 them, together with any interest thereon from any funds specifically  
15 appropriated to the agency therefor or from any funds of the agency  
16 which under existing law have been or are required to be expended to  
17 pay assessments on a current basis. (~~In all other cases, the chief~~  
18 ~~administrative officer shall certify to the director of financial~~  
19 ~~management that the assessment is one properly chargeable to the~~  
20 ~~state. The director of financial management shall pay such~~  
21 ~~assessments from funds available or appropriated for this purpose.))~~

22 Except as provided in RCW 79.44.190 no lands of the state shall  
23 be subject to a lien for unpaid assessments, nor shall the interest  
24 of the state in any land be sold for unpaid assessments where  
25 assessment liens attached to the lands prior to state ownership.

26 NEW SECTION. **Sec. 108.** RCW 43.41.130, 43.41.140, 43.41.150,  
27 43.41.370, and 43.41.380 are each recodified as sections in chapter  
28 43.19 RCW.

29 NEW SECTION. **Sec. 109.** The following acts or parts of acts are  
30 each repealed:

31 (1) RCW 43.41.190 (Community network programs—Recommended  
32 legislation) and 1994 sp.s. c 7 s 318; and

33 (2) RCW 43.41.195 (Community networks—Fund distribution formula)  
34 and 1999 c 372 s 8 & 1994 sp.s. c 7 s 319.

35 **PART II**

36 **HUMAN RESOURCES FUNCTIONS**

1       **Sec. 201.** RCW 28A.345.060 and 2011 1st sp.s. c 43 s 467 are each  
2 amended to read as follows:

3       The association shall contract with (~~the human resources~~  
4 ~~director in~~) the office of financial management to audit in odd-  
5 numbered years the association's staff classifications and employees'  
6 salaries. The association shall give copies of the audit reports to  
7 the office of financial management and the committees of each house  
8 of the legislature dealing with common schools.

9       **Sec. 202.** RCW 34.05.030 and 2011 1st sp.s. c 43 s 431 are each  
10 amended to read as follows:

11       (1) This chapter shall not apply to:

12       (a) The state militia, or

13       (b) The board of clemency and pardons, or

14       (c) The department of corrections or the indeterminate sentencing  
15 review board with respect to persons who are in their custody or are  
16 subject to the jurisdiction of those agencies.

17       (2) The provisions of RCW 34.05.410 through 34.05.598 shall not  
18 apply:

19       (a) To adjudicative proceedings of the board of industrial  
20 insurance appeals except as provided in RCW 7.68.110 and 51.48.131;

21       (b) Except for actions pursuant to chapter 46.29 RCW, to the  
22 denial, suspension, or revocation of a driver's license by the  
23 department of licensing;

24       (c) To the department of labor and industries where another  
25 statute expressly provides for review of adjudicative proceedings of  
26 a department action, order, decision, or award before the board of  
27 industrial insurance appeals;

28       (d) To actions of the Washington personnel resources board, the  
29 (~~human resources~~) director(~~, or the office~~) of financial  
30 management, and the department of enterprise services when carrying  
31 out their duties under chapter 41.06 RCW;

32       (e) To adjustments by the department of revenue of the amount of  
33 the surcharge imposed under RCW 82.04.261; or

34       (f) To the extent they are inconsistent with any provisions of  
35 chapter 43.43 RCW.

36       (3) Unless a party makes an election for a formal hearing  
37 pursuant to RCW 82.03.140 or 82.03.190, RCW 34.05.410 through  
38 34.05.598 do not apply to a review hearing conducted by the board of  
39 tax appeals.

1 (4) The rule-making provisions of this chapter do not apply to:

2 (a) Reimbursement unit values, fee schedules, arithmetic  
3 conversion factors, and similar arithmetic factors used to determine  
4 payment rates that apply to goods and services purchased under  
5 contract for clients eligible under chapter 74.09 RCW; and

6 (b) Adjustments by the department of revenue of the amount of the  
7 surcharge imposed under RCW 82.04.261.

8 (5) All other agencies, whether or not formerly specifically  
9 excluded from the provisions of all or any part of the administrative  
10 procedure act, shall be subject to the entire act.

11 **Sec. 203.** RCW 34.12.100 and 2011 1st sp.s. c 43 s 469 are each  
12 amended to read as follows:

13 The chief administrative law judge shall be paid a salary fixed  
14 by the governor after recommendation of the ((human resources))  
15 director ((in the office)) of financial management. The salaries of  
16 administrative law judges appointed under the terms of this chapter  
17 shall be determined by the chief administrative law judge after  
18 recommendation of the ((department of personnel)) director of  
19 financial management.

20 **Sec. 204.** RCW 41.04.340 and 2011 1st sp.s. c 43 s 432 and 2011  
21 1st sp.s. c 39 s 12 are each reenacted and amended to read as  
22 follows:

23 (1) An attendance incentive program is established for all  
24 eligible employees. As used in this section the term "eligible  
25 employee" means any employee of the state, other than eligible  
26 employees of the community and technical colleges and the state board  
27 for community and technical colleges identified in RCW 28B.50.553,  
28 and teaching and research faculty at the state and regional  
29 universities and The Evergreen State College, entitled to accumulate  
30 sick leave and for whom accurate sick leave records have been  
31 maintained. No employee may receive compensation under this section  
32 for any portion of sick leave accumulated at a rate in excess of one  
33 day per month. The state and regional universities and The Evergreen  
34 State College shall maintain complete and accurate sick leave records  
35 for all teaching and research faculty.

36 (2) In January of the year following any year in which a minimum  
37 of sixty days of sick leave is accrued, and each January thereafter,  
38 any eligible employee may receive remuneration for unused sick leave



1 accumulated in the previous year at a rate equal to one day's  
2 monetary compensation of the employee for each four full days of  
3 accrued sick leave in excess of sixty days. Sick leave for which  
4 compensation has been received shall be deducted from accrued sick  
5 leave at the rate of four days for every one day's monetary  
6 compensation.

7 From July 1, 2011, through June 29, 2013, the rate of monetary  
8 compensation for the purposes of this subsection shall not be reduced  
9 by any temporary salary reduction.

10 (3) At the time of separation from state service due to  
11 retirement or death, an eligible employee or the employee's estate  
12 may elect to receive remuneration at a rate equal to one day's  
13 current monetary compensation of the employee for each four full days  
14 of accrued sick leave. From July 1, 2011, through June 29, 2013, the  
15 rate of monetary compensation for the purposes of this subsection  
16 shall not be reduced by any temporary salary reduction.

17 (4) Remuneration or benefits received under this section shall  
18 not be included for the purpose of computing a retirement allowance  
19 under any public retirement system in this state.

20 (5) Except as provided in subsections (7) through (9) of this  
21 section for employees not covered by chapter 41.06 RCW, this section  
22 shall be administered, and rules shall be adopted to carry out its  
23 purposes, by the ~~((human resources))~~ director of financial management  
24 for persons subject to chapter 41.06 RCW ~~((: PROVIDED, That  
25 determination of classes of eligible employees shall be subject to  
26 approval by the office of financial management))~~.

27 (6) Should the legislature revoke any remuneration or benefits  
28 granted under this section, no affected employee shall be entitled  
29 thereafter to receive such benefits as a matter of contractual right.

30 (7) In lieu of remuneration for unused sick leave at retirement  
31 as provided in subsection (3) of this section, an agency head or  
32 designee may with equivalent funds, provide eligible employees with a  
33 benefit plan that provides for reimbursement for medical expenses.  
34 This plan shall be implemented only after consultation with affected  
35 groups of employees. For eligible employees covered by chapter 41.06  
36 RCW, procedures for the implementation of these plans shall be  
37 adopted by the ~~((human resources))~~ director of the state health care  
38 authority. For eligible employees exempt from chapter 41.06 RCW,  
39 ~~((and classified employees who have opted out of coverage of chapter~~  
40 ~~41.06 RCW as provided in RCW 41.56.201,))~~ implementation procedures

1 shall be adopted by an agency head having jurisdiction over the  
2 employees.

3 (8) Implementing procedures adopted by the (~~human resources~~)  
4 director of the state health care authority or agency heads shall  
5 require that each medical expense plan authorized by subsection (7)  
6 of this section apply to all eligible employees in any one of the  
7 following groups: (a) Employees in an agency; (b) employees in a  
8 major organizational subdivision of an agency; (c) employees at a  
9 major operating location of an agency; (d) exempt employees under the  
10 jurisdiction of an elected or appointed Washington state executive;  
11 (e) employees of the Washington state senate; (f) employees of the  
12 Washington state house of representatives; (g) classified employees  
13 in a bargaining unit established by the (~~director of personnel~~)  
14 public employment relations commission; or (h) other group of  
15 employees defined by an agency head that is not designed to provide  
16 an individual-employee choice regarding participation in a medical  
17 expense plan. However, medical expense plans for eligible employees  
18 in any of the groups under (a) through (h) of this subsection who are  
19 covered by a collective bargaining agreement shall be implemented  
20 only by written agreement with the bargaining unit's exclusive  
21 representative and a separate medical expense plan may be provided  
22 for unrepresented employees.

23 (9) Medical expense plans authorized by subsection (7) of this  
24 section must require as a condition of participation in the plan that  
25 employees in the group affected by the plan sign an agreement with  
26 the employer. The agreement must include a provision to hold the  
27 employer harmless should the United States government find that the  
28 employer or the employee is in debt to the United States as a result  
29 of the employee not paying income taxes due on the equivalent funds  
30 placed into the plan, or as a result of the employer not withholding  
31 or deducting a tax, assessment, or other payment on the funds as  
32 required by federal law. The agreement must also include a provision  
33 that requires an eligible employee to forfeit remuneration under  
34 subsection (3) of this section if the employee belongs to a group  
35 that has been designated to participate in the medical expense plan  
36 permitted under this section and the employee refuses to execute the  
37 required agreement.

38 **Sec. 205.** RCW 41.04.665 and 2011 1st sp.s. c 43 s 435 are each  
39 amended to read as follows:

1 (1) An agency head may permit an employee to receive leave under  
2 this section if:

3 (a)(i) The employee suffers from, or has a relative or household  
4 member suffering from, an illness, injury, impairment, or physical or  
5 mental condition which is of an extraordinary or severe nature;

6 (ii) The employee has been called to service in the uniformed  
7 services;

8 (iii) A state of emergency has been declared anywhere within the  
9 United States by the federal or any state government and the employee  
10 has needed skills to assist in responding to the emergency or its  
11 aftermath and volunteers his or her services to either a governmental  
12 agency or to a nonprofit organization engaged in humanitarian relief  
13 in the devastated area, and the governmental agency or nonprofit  
14 organization accepts the employee's offer of volunteer services; or

15 (iv) The employee is a victim of domestic violence, sexual  
16 assault, or stalking; (~~or~~

17 ~~(v) During the 2009-2011 fiscal biennium only, the employee is~~  
18 ~~eligible to use leave in lieu of temporary layoff under section 3(5),~~  
19 ~~chapter 32, Laws of 2010 1st sp. sess.;)~~)

20 (b) The illness, injury, impairment, condition, call to service,  
21 emergency volunteer service, or consequence of domestic violence,  
22 sexual assault, temporary layoff under section 3(5), chapter 32, Laws  
23 of 2010 1st sp. sess., or stalking has caused, or is likely to cause,  
24 the employee to:

25 (i) Go on leave without pay status; or

26 (ii) Terminate state employment;

27 (c) The employee's absence and the use of shared leave are  
28 justified;

29 (d) The employee has depleted or will shortly deplete his or her:

30 (i) Annual leave and sick leave reserves if he or she qualifies  
31 under (a)(i) of this subsection;

32 (ii) Annual leave and paid military leave allowed under RCW  
33 38.40.060 if he or she qualifies under (a)(ii) of this subsection; or

34 (iii) Annual leave if he or she qualifies under (a)(iii)(~~7~~) or  
35 (iv)(~~7~~, ~~or~~ (~~v~~)) of this subsection;

36 (e) The employee has abided by agency rules regarding:

37 (i) Sick leave use if he or she qualifies under (a)(i) or (iv) of  
38 this subsection; or

39 (ii) Military leave if he or she qualifies under (a)(ii) of this  
40 subsection; and

1 (f) The employee has diligently pursued and been found to be  
2 ineligible for benefits under chapter 51.32 RCW if he or she  
3 qualifies under (a)(i) of this subsection.

4 (2) The agency head shall determine the amount of leave, if any,  
5 which an employee may receive under this section. However, an  
6 employee shall not receive a total of more than five hundred twenty-  
7 two days of leave, except that, a supervisor may authorize leave in  
8 excess of five hundred twenty-two days in extraordinary circumstances  
9 for an employee qualifying for the shared leave program because he or  
10 she is suffering from an illness, injury, impairment, or physical or  
11 mental condition which is of an extraordinary or severe nature.  
12 Shared leave received under the uniformed service shared leave pool  
13 in RCW 41.04.685 is not included in this total.

14 (3) An employee may transfer annual leave, sick leave, and his or  
15 her personal holiday, as follows:

16 (a) An employee who has an accrued annual leave balance of more  
17 than ten days may request that the head of the agency for which the  
18 employee works transfer a specified amount of annual leave to another  
19 employee authorized to receive leave under subsection (1) of this  
20 section. In no event may the employee request a transfer of an amount  
21 of leave that would result in his or her annual leave account going  
22 below ten days. For purposes of this subsection (3)(a), annual leave  
23 does not accrue if the employee receives compensation in lieu of  
24 accumulating a balance of annual leave.

25 (b) An employee may transfer a specified amount of sick leave to  
26 an employee requesting shared leave only when the donating employee  
27 retains a minimum of one hundred seventy-six hours of sick leave  
28 after the transfer.

29 (c) An employee may transfer, under the provisions of this  
30 section relating to the transfer of leave, all or part of his or her  
31 personal holiday, as that term is defined under RCW 1.16.050, or as  
32 such holidays are provided to employees by agreement with a school  
33 district's board of directors if the leave transferred under this  
34 subsection does not exceed the amount of time provided for personal  
35 holidays under RCW 1.16.050.

36 (4) An employee of an institution of higher education under RCW  
37 28B.10.016, school district, or educational service district who does  
38 not accrue annual leave but does accrue sick leave and who has an  
39 accrued sick leave balance of more than twenty-two days may request  
40 that the head of the agency for which the employee works transfer a

1 specified amount of sick leave to another employee authorized to  
2 receive leave under subsection (1) of this section. In no event may  
3 such an employee request a transfer that would result in his or her  
4 sick leave account going below twenty-two days. Transfers of sick  
5 leave under this subsection are limited to transfers from employees  
6 who do not accrue annual leave. Under this subsection, "sick leave"  
7 also includes leave accrued pursuant to RCW 28A.400.300(~~((+2))~~)(1)(b)  
8 or 28A.310.240(1) with compensation for illness, injury, and  
9 emergencies.

10 (5) Transfers of leave made by an agency head under subsections  
11 (3) and (4) of this section shall not exceed the requested amount.

12 (6) Leave transferred under this section may be transferred from  
13 employees of one agency to an employee of the same agency or, with  
14 the approval of the heads of both agencies, to an employee of another  
15 state agency.

16 (7) While an employee is on leave transferred under this section,  
17 he or she shall continue to be classified as a state employee and  
18 shall receive the same treatment in respect to salary, wages, and  
19 employee benefits as the employee would normally receive if using  
20 accrued annual leave or sick leave.

21 (a) All salary and wage payments made to employees while on leave  
22 transferred under this section shall be made by the agency employing  
23 the person receiving the leave. The value of leave transferred shall  
24 be based upon the leave value of the person receiving the leave.

25 (b) In the case of leave transferred by an employee of one agency  
26 to an employee of another agency, the agencies involved shall arrange  
27 for the transfer of funds and credit for the appropriate value of  
28 leave.

29 (i) Pursuant to rules adopted by the office of financial  
30 management, funds shall not be transferred under this section if the  
31 transfer would violate any constitutional or statutory restrictions  
32 on the funds being transferred.

33 (ii) The office of financial management may adjust the  
34 appropriation authority of an agency receiving funds under this  
35 section only if and to the extent that the agency's existing  
36 appropriation authority would prevent it from expending the funds  
37 received.

38 (iii) Where any questions arise in the transfer of funds or the  
39 adjustment of appropriation authority, the director of financial  
40 management shall determine the appropriate transfer or adjustment.

1 (8) Leave transferred under this section shall not be used in any  
2 calculation to determine an agency's allocation of full time  
3 equivalent staff positions.

4 (9) The value of any leave transferred under this section which  
5 remains unused shall be returned at its original value to the  
6 employee or employees who transferred the leave when the agency head  
7 finds that the leave is no longer needed or will not be needed at a  
8 future time in connection with the illness or injury for which the  
9 leave was transferred or for any other qualifying condition. Before  
10 the agency head makes a determination to return unused leave in  
11 connection with an illness or injury, or any other qualifying  
12 condition, he or she must receive from the affected employee a  
13 statement from the employee's doctor verifying that the illness or  
14 injury is resolved. To the extent administratively feasible, the  
15 value of unused leave which was transferred by more than one employee  
16 shall be returned on a pro rata basis.

17 (10) An employee who uses leave that is transferred to him or her  
18 under this section may not be required to repay the value of the  
19 leave that he or she used.

20 (11) The (~~human resources~~) director of financial management may  
21 adopt rules as necessary to implement subsection (2) of this section.

22 **Sec. 206.** RCW 41.04.680 and 2011 1st sp.s. c 43 s 437 are each  
23 amended to read as follows:

24 The office of financial management and other personnel  
25 authorities shall adopt rules or policies governing the accumulation  
26 and use of sick leave for state agency and department employees,  
27 expressly for the establishment of a plan allowing participating  
28 employees to pool sick leave and allowing any sick leave thus pooled  
29 to be used by any participating employee who has used all of the sick  
30 leave, annual leave, and compensatory leave that has been personally  
31 accrued by him or her. Each department or agency of the state may  
32 allow employees to participate in a sick leave pool established by  
33 the office of financial management and other personnel authorities.

34 (1) For purposes of calculating maximum sick leave that may be  
35 donated or received by any one employee, pooled sick leave:

36 (a) Is counted and converted in the same manner as sick leave  
37 under the Washington state leave sharing program as provided in this  
38 chapter; and

1 (b) Does not create a right to sick leave in addition to the  
2 amount that may be donated or received under the Washington state  
3 leave sharing program as provided in this chapter.

4 (2) The office of financial management and other personnel  
5 authorities, except the personnel authorities for higher education  
6 institutions, shall adopt rules which provide:

7 (a) That employees are eligible to participate in the sick leave  
8 pool after one year of employment with the state or agency of the  
9 state if the employee has accrued a minimum amount of unused sick  
10 leave, to be established by rule;

11 (b) That participation in the sick leave pool shall, at all  
12 times, be voluntary on the part of the employees;

13 (c) That any sick leave pooled shall be removed from the  
14 personally accumulated sick leave balance of the employee  
15 contributing the leave;

16 (d) That any sick leave in the pool that is used by a  
17 participating employee may be used only for the employee's personal  
18 illness, accident, or injury;

19 (e) That a participating employee is not eligible to use sick  
20 leave accumulated in the pool until all of his or her personally  
21 accrued sick, annual, and compensatory leave has been used;

22 (f) A maximum number of days of sick leave in the pool that any  
23 one employee may use;

24 (g) That a participating employee who uses sick leave from the  
25 pool is not required to recontribute such sick leave to the pool,  
26 except as otherwise provided in this section;

27 (h) That an employee who cancels his or her membership in the  
28 sick leave pool is not eligible to withdraw the days of sick leave  
29 contributed by that employee to the pool;

30 (i) That an employee who transfers from one position in state  
31 government to another position in state government may transfer from  
32 one pool to another if the eligibility criteria of the pools are  
33 comparable and the administrators of the pools have agreed on a  
34 formula for transfer of credits;

35 (j) That alleged abuse of the use of the sick leave pool shall be  
36 investigated, and, on a finding of wrongdoing, the employee shall  
37 repay all of the sick leave credits drawn from the sick leave pool  
38 and shall be subject to such other disciplinary action as is  
39 determined by the agency head;

1 (k) That sick leave credits may be drawn from the sick leave pool  
2 by a part-time employee on a pro rata basis; and

3 (1) That each department or agency shall maintain accurate and  
4 reliable records showing the amount of sick leave which has been  
5 accumulated and is unused by employees, in accordance with guidelines  
6 established by the (~~department of personnel~~) office of financial  
7 management.

8 (3) Personnel authorities for higher education institutions shall  
9 adopt policies consistent with the needs of the employees under their  
10 respective jurisdictions.

11 **Sec. 207.** RCW 41.06.020 and 2011 1st sp.s. c 43 s 401 are each  
12 reenacted and amended to read as follows:

13 Unless the context clearly indicates otherwise, the words used in  
14 this chapter have the meaning given in this section.

15 (1) "Affirmative action" means a procedure by which racial  
16 minorities, women, persons in the protected age category, persons  
17 with disabilities, Vietnam-era veterans, and disabled veterans are  
18 provided with increased employment opportunities. It shall not mean  
19 any sort of quota system.

20 (2) "Agency" means an office, department, board, commission, or  
21 other separate unit or division, however designated, of the state  
22 government and all personnel thereof; it includes any unit of state  
23 government established by law, the executive officer or members of  
24 which are either elected or appointed, upon which the statutes confer  
25 powers and impose duties in connection with operations of either a  
26 governmental or proprietary nature.

27 (3) "Board" means the Washington personnel resources board  
28 established under the provisions of RCW 41.06.110, except that this  
29 definition does not apply to the words "board" or "boards" when used  
30 in RCW 41.06.070.

31 (4) "Career development" means the progressive development of  
32 employee capabilities to facilitate productivity, job satisfaction,  
33 and upward mobility through work assignments as well as education and  
34 training that are both state-sponsored and are achieved by individual  
35 employee efforts, all of which shall be consistent with the needs and  
36 obligations of the state and its agencies.

37 (5) "Classified service" means all positions in the state service  
38 subject to the provisions of this chapter.



1 (6) "Comparable worth" means the provision of similar salaries  
2 for positions that require or impose similar responsibilities,  
3 judgments, knowledge, skills, and working conditions.

4 (7) "Competitive service" means all positions in the classified  
5 service for which a competitive examination is required as a  
6 condition precedent to appointment.

7 (8) "Department" means an agency of government that has as its  
8 governing officer a person, or combination of persons such as a  
9 commission, board, or council, by law empowered to operate the agency  
10 responsible either to (a) no other public officer or (b) the  
11 governor.

12 (9) "Director" means the (~~human resources~~) director (~~within~~  
13 ~~the office~~) of financial management (~~and appointed under RCW~~  
14 ~~43.41.113~~) or the director's designee.

15 (10) "Institutions of higher education" means the University of  
16 Washington, Washington State University, Central Washington  
17 University, Eastern Washington University, Western Washington  
18 University, The Evergreen State College, and the various state  
19 community colleges.

20 (11) "Noncompetitive service" means all positions in the  
21 classified service for which a competitive examination is not  
22 required.

23 (12) "Related boards" means the state board for community and  
24 technical colleges; and such other boards, councils, and commissions  
25 related to higher education as may be established.

26 (13) "Training" means activities designed to develop job-related  
27 knowledge and skills of employees.

28 **Sec. 208.** RCW 41.06.157 and 2011 1st sp.s. c 43 s 411 are each  
29 amended to read as follows:

30 (1) To promote the most effective use of the state's workforce  
31 and improve the effectiveness and efficiency of the delivery of  
32 services to the citizens of the state, the director shall adopt and  
33 maintain a comprehensive classification plan for all positions in the  
34 classified service. The classification plan must:

35 (a) Be simple and streamlined;

36 (b) Support state agencies in responding to changing  
37 technologies, economic and social conditions, and the needs of its  
38 citizens;

39 (c) Value workplace diversity;

1 (d) Facilitate the reorganization and decentralization of  
2 governmental services;

3 (e) Enhance mobility and career advancement opportunities; and

4 (f) Consider rates in other public employment and private  
5 employment in the state.

6 (2) An appointing authority and an employee organization  
7 representing classified employees of the appointing authority for  
8 collective bargaining purposes may jointly request the (~~human~~  
9 ~~resources~~) director of financial management to initiate a  
10 classification study.

11 (3) For institutions of higher education and related boards, the  
12 director may adopt special salary ranges to be competitive with  
13 positions of a similar nature in the state or the locality in which  
14 the institution of higher education or related board is located.

15 (4) The director may undertake salary surveys of positions in  
16 other public and private employment to establish market rates. Any  
17 salary survey information collected from private employers which  
18 identifies a specific employer with salary rates which the employer  
19 pays to its employees shall not be subject to public disclosure under  
20 chapter 42.56 RCW.

21 **Sec. 209.** RCW 41.06.167 and 2011 1st sp.s. c 43 s 413 are each  
22 amended to read as follows:

23 The (~~human resources~~) director of financial management shall  
24 undertake comprehensive compensation surveys for officers and entry-  
25 level officer candidates of the Washington state patrol, with such  
26 surveys to be conducted in the year prior to the convening of every  
27 other one hundred five day regular session of the state legislature.  
28 Salary and fringe benefit survey information collected from private  
29 employers which identifies a specific employer with the salary and  
30 fringe benefit rates which that employer pays to its employees shall  
31 not be subject to public disclosure under chapter 42.56 RCW.

32 **Sec. 210.** RCW 42.17A.705 and 2012 c 229 s 582 are each amended  
33 to read as follows:

34 For the purposes of RCW 42.17A.700, "executive state officer"  
35 includes:

36 (1) The chief administrative law judge, the director of  
37 agriculture, the director of the department of services for the  
38 blind, the chief information officer of the office of chief

1 information officer, the director of the state system of community  
2 and technical colleges, the director of commerce, the director of the  
3 consolidated technology services agency, the secretary of  
4 corrections, the director of early learning, the director of ecology,  
5 the commissioner of employment security, the chair of the energy  
6 facility site evaluation council, the director of enterprise  
7 services, the secretary of the state finance committee, the director  
8 of financial management, the director of fish and wildlife, the  
9 executive secretary of the forest practices appeals board, the  
10 director of the gambling commission, the secretary of health, the  
11 administrator of the Washington state health care authority, the  
12 executive secretary of the health care facilities authority, the  
13 executive secretary of the higher education facilities authority, the  
14 executive secretary of the horse racing commission, ((~~the human~~  
15 ~~resources director,~~) the executive secretary of the human rights  
16 commission, the executive secretary of the indeterminate sentence  
17 review board, the executive director of the state investment board,  
18 the director of labor and industries, the director of licensing, the  
19 director of the lottery commission, the director of the office of  
20 minority and women's business enterprises, the director of parks and  
21 recreation, the executive director of the public disclosure  
22 commission, the executive director of the Puget Sound partnership,  
23 the director of the recreation and conservation office, the director  
24 of retirement systems, the director of revenue, the secretary of  
25 social and health services, the chief of the Washington state patrol,  
26 the executive secretary of the board of tax appeals, the secretary of  
27 transportation, the secretary of the utilities and transportation  
28 commission, the director of veterans affairs, the president of each  
29 of the regional and state universities and the president of The  
30 Evergreen State College, and each district and each campus president  
31 of each state community college;

32 (2) Each professional staff member of the office of the governor;

33 (3) Each professional staff member of the legislature; and

34 (4) Central Washington University board of trustees, the boards  
35 of trustees of each community college and each technical college,  
36 each member of the state board for community and technical colleges,  
37 state convention and trade center board of directors, Eastern  
38 Washington University board of trustees, Washington economic  
39 development finance authority, Washington energy northwest executive  
40 board, The Evergreen State College board of trustees, executive

1 ethics board, fish and wildlife commission, forest practices appeals  
2 board, forest practices board, gambling commission, Washington health  
3 care facilities authority, student achievement council, higher  
4 education facilities authority, horse racing commission, state  
5 housing finance commission, human rights commission, indeterminate  
6 sentence review board, board of industrial insurance appeals, state  
7 investment board, commission on judicial conduct, legislative ethics  
8 board, life sciences discovery fund authority board of trustees,  
9 liquor control board, lottery commission, Pacific Northwest electric  
10 power and conservation planning council, parks and recreation  
11 commission, Washington personnel resources board, board of pilotage  
12 commissioners, pollution control hearings board, public disclosure  
13 commission, public employees' benefits board, recreation and  
14 conservation funding board, salmon recovery funding board, shorelines  
15 hearings board, board of tax appeals, transportation commission,  
16 University of Washington board of regents, utilities and  
17 transportation commission, Washington State University board of  
18 regents, and Western Washington University board of trustees.

19 **Sec. 211.** RCW 41.80.020 and 2013 2nd sp.s. c 4 s 972 are each  
20 amended to read as follows:

21 (1) Except as otherwise provided in this chapter, the matters  
22 subject to bargaining include wages, hours, and other terms and  
23 conditions of employment, and the negotiation of any question arising  
24 under a collective bargaining agreement.

25 (2) The employer is not required to bargain over matters  
26 pertaining to:

27 (a) Health care benefits or other employee insurance benefits,  
28 except as required in subsection (3) of this section;

29 (b) Any retirement system or retirement benefit; or

30 (c) Rules of the (~~human resources~~) director of financial  
31 management, the director of enterprise services, or the Washington  
32 personnel resources board adopted under RCW 41.06.157.

33 (3) Matters subject to bargaining include the number of names to  
34 be certified for vacancies, promotional preferences, and the dollar  
35 amount expended on behalf of each employee for health care benefits.  
36 However, except as provided otherwise in this subsection for  
37 institutions of higher education, negotiations regarding the number  
38 of names to be certified for vacancies, promotional preferences, and  
39 the dollar amount expended on behalf of each employee for health care

1 benefits shall be conducted between the employer and one coalition of  
2 all the exclusive bargaining representatives subject to this chapter.  
3 The exclusive bargaining representatives for employees that are  
4 subject to chapter 47.64 RCW shall bargain the dollar amount expended  
5 on behalf of each employee for health care benefits with the employer  
6 as part of the coalition under this subsection. Any such provision  
7 agreed to by the employer and the coalition shall be included in all  
8 master collective bargaining agreements negotiated by the parties.  
9 For institutions of higher education, promotional preferences and the  
10 number of names to be certified for vacancies shall be bargained  
11 under the provisions of RCW 41.80.010(4). For agreements covering the  
12 2013-2015 fiscal biennium, any agreement between the employer and the  
13 coalition regarding the dollar amount expended on behalf of each  
14 employee for health care benefits is a separate agreement and shall  
15 not be included in the master collective bargaining agreements  
16 negotiated by the parties.

17 (4) The employer and the exclusive bargaining representative  
18 shall not agree to any proposal that would prevent the implementation  
19 of approved affirmative action plans or that would be inconsistent  
20 with the comparable worth agreement that provided the basis for the  
21 salary changes implemented beginning with the 1983-1985 biennium to  
22 achieve comparable worth.

23 (5) The employer and the exclusive bargaining representative  
24 shall not bargain over matters pertaining to management rights  
25 established in RCW 41.80.040.

26 (6) Except as otherwise provided in this chapter, if a conflict  
27 exists between an executive order, administrative rule, or agency  
28 policy relating to wages, hours, and terms and conditions of  
29 employment and a collective bargaining agreement negotiated under  
30 this chapter, the collective bargaining agreement shall prevail. A  
31 provision of a collective bargaining agreement that conflicts with  
32 the terms of a statute is invalid and unenforceable.

33 (7) This section does not prohibit bargaining that affects  
34 contracts authorized by RCW 41.06.142.

35 **Sec. 212.** RCW 43.03.040 and 2011 1st sp.s. c 39 s 8 are each  
36 amended to read as follows:

37 Subject to RCW 41.04.820, the directors of the several  
38 departments and members of the several boards and commissions, whose  
39 salaries are fixed by the governor and the chief executive officers

1 of the agencies named in RCW 43.03.028(1) as now or hereafter amended  
2 shall each severally receive such salaries, payable in monthly  
3 installments, as shall be fixed by the governor or the appropriate  
4 salary fixing authority, in an amount not to exceed the  
5 recommendations of the (~~department of personnel~~) office of  
6 financial management. From February 18, 2009, through June 30, 2013,  
7 a salary or wage increase shall not be granted to any position under  
8 this section, except that increases may be granted for positions for  
9 which the employer has demonstrated difficulty retaining qualified  
10 employees if the following conditions are met:

- 11 (1) The salary increase can be paid within existing resources;
- 12 (2) The salary increase will not adversely impact the provision  
13 of client services; and
- 14 (3) For any state agency of the executive branch, not including  
15 institutions of higher education, the salary increase is approved by  
16 the director of the office of financial management.

17 Any agency granting a salary increase from February 15, 2010,  
18 through June 30, 2011, to a position under this section shall submit  
19 a report to the fiscal committees of the legislature no later than  
20 July 31, 2011, detailing the positions for which salary increases  
21 were granted, the size of the increases, and the reasons for giving  
22 the increases.

23 Any agency granting a salary increase from July 1, 2011, through  
24 June 30, 2013, to a position under this section shall submit a report  
25 to the fiscal committees of the legislature by July 31, 2012, and  
26 July 31, 2013, detailing the positions for which salary increases  
27 were granted during the preceding fiscal year, the size of the  
28 increases, and the reasons for giving the increases.

29 **Sec. 213.** RCW 43.06.013 and 2011 1st sp.s. c 43 s 454 are each  
30 amended to read as follows:

31 When requested by the governor or the director of the department  
32 of enterprise services, nonconviction criminal history fingerprint  
33 record checks shall be conducted through the Washington state patrol  
34 identification and criminal history section and the federal bureau of  
35 investigation on applicants for agency head positions appointed by  
36 the governor. Information received pursuant to this section shall be  
37 confidential and made available only to the governor or director of  
38 (~~the department of personnel~~) financial management or their  
39 employees directly involved in the selection, hiring, or background

1 investigation of the subject of the record check. When necessary,  
2 applicants may be employed on a conditional basis pending completion  
3 of the criminal history record check. "Agency head" as used in this  
4 section has the same definition as provided in RCW 34.05.010.

5 **Sec. 214.** RCW 43.41.113 and 2011 1st sp.s. c 43 s 430 are each  
6 amended to read as follows:

7 (1) The office of financial management shall direct and supervise  
8 the personnel policy and application of the civil service laws,  
9 chapter 41.06 RCW.

10 ~~(2) ((The human resources director is created in the office of  
11 financial management. The human resources director shall be appointed  
12 by the governor, and shall serve at the pleasure of the governor. The  
13 director shall receive a salary in an amount fixed by the governor.~~

14 ~~(3))~~ (3)) The ~~((human resources))~~ director or the director's designee  
15 has the authority and shall perform the functions as prescribed in  
16 chapter 41.06 RCW, or as otherwise prescribed by law.

17 ~~((4))~~ (3) The ~~((human resources))~~ director may delegate to any  
18 agency the authority to perform administrative and technical  
19 personnel activities if the agency requests such authority and the  
20 ~~((human resources))~~ director is satisfied that the agency has the  
21 personnel management capabilities to effectively perform the  
22 delegated activities. The ~~((human resources))~~ director shall  
23 prescribe standards and guidelines for the performance of delegated  
24 activities. If the ~~((human resources))~~ director determines that an  
25 agency is not performing delegated activities within the prescribed  
26 standards and guidelines, the director shall withdraw the authority  
27 from the agency to perform such activities.

28 **Sec. 215.** RCW 43.131.090 and 2011 1st sp.s. c 43 s 459 are each  
29 amended to read as follows:

30 Unless the legislature specifies a shorter period of time, a  
31 terminated entity shall continue in existence until June 30th of the  
32 next succeeding year for the purpose of concluding its affairs:  
33 PROVIDED, That the powers and authority of the entity shall not be  
34 reduced or otherwise limited during this period. Unless otherwise  
35 provided:

36 (1) All employees of terminated entities classified under chapter  
37 41.06 RCW, the state civil service law, shall be transferred as  
38 appropriate or as otherwise provided in the procedures adopted by the

1 ((human resources)) director of financial management pursuant to RCW  
2 41.06.150;

3 (2) All documents and papers, equipment, or other tangible  
4 property in the possession of the terminated entity shall be  
5 delivered to the custody of the entity assuming the responsibilities  
6 of the terminated entity or if such responsibilities have been  
7 eliminated, documents and papers shall be delivered to the state  
8 archivist and equipment or other tangible property to the department  
9 of enterprise services;

10 (3) All funds held by, or other moneys due to, the terminated  
11 entity shall revert to the fund from which they were appropriated, or  
12 if that fund is abolished to the general fund;

13 (4) Notwithstanding the provisions of RCW 34.05.020, all rules  
14 made by a terminated entity shall be repealed, without further action  
15 by the entity, at the end of the period provided in this section,  
16 unless assumed and reaffirmed by the entity assuming the related  
17 legal responsibilities of the terminated entity;

18 (5) All contractual rights and duties of an entity shall be  
19 assigned or delegated to the entity assuming the responsibilities of  
20 the terminated entity, or if there is none to such entity as the  
21 governor shall direct.

22 **Sec. 216.** RCW 48.37.060 and 2011 1st sp.s. c 43 s 460 are each  
23 amended to read as follows:

24 (1) When the commissioner determines that other market conduct  
25 actions identified in RCW 48.37.040(4)(a) have not sufficiently  
26 addressed issues raised concerning company activities in Washington  
27 state, the commissioner has the discretion to conduct market conduct  
28 examinations in accordance with the NAIC market conduct uniform  
29 examination procedures and the NAIC market regulation handbook.

30 (2)(a) In lieu of an examination of an insurer licensed in this  
31 state, the commissioner shall accept an examination report of another  
32 state, unless the commissioner determines that the other state does  
33 not have laws substantially similar to those of this state, or does  
34 not have a market oversight system that is comparable to the market  
35 conduct oversight system set forth in this law.

36 (b) The commissioner's determination under (a) of this subsection  
37 is discretionary with the commissioner and is not subject to appeal.

38 (c) If the insurer to be examined is part of an insurance holding  
39 company system, the commissioner may also seek to simultaneously



1 examine any affiliates of the insurer under common control and  
2 management which are licensed to write the same lines of business in  
3 this state.

4 (3) Before commencement of a market conduct examination, market  
5 conduct oversight personnel shall prepare a work plan consisting of  
6 the following:

7 (a) The name and address of the insurer being examined;

8 (b) The name and contact information of the examiner-in-charge;

9 (c) The name of all market conduct oversight personnel initially  
10 assigned to the market conduct examination;

11 (d) The justification for the examination;

12 (e) The scope of the examination;

13 (f) The date the examination is scheduled to begin;

14 (g) Notice of any noninsurance department personnel who will  
15 assist in the examination;

16 (h) A time estimate for the examination;

17 (i) A budget for the examination if the cost of the examination  
18 is billed to the insurer; and

19 (j) An identification of factors that will be included in the  
20 billing if the cost of the examination is billed to the insurer.

21 (4)(a) Within ten days of the receipt of the information  
22 contained in subsection (3) of this section, insurers may request the  
23 commissioner's discretionary review of any alleged conflict of  
24 interest, pursuant to RCW 48.37.090(2), of market conduct oversight  
25 personnel and noninsurance department personnel assigned to a market  
26 conduct examination. The request for review shall specifically  
27 describe the alleged conflict of interest in the proposed assignment  
28 of any person to the examination.

29 (b) Within five business days of receiving a request for  
30 discretionary review of any alleged conflict of interest in the  
31 proposed assignment of any person to a market conduct examination,  
32 the commissioner or designee shall notify the insurer of any action  
33 regarding the assignment of personnel to a market conduct examination  
34 based on the insurer's allegation of conflict of interest.

35 (5) Market conduct examinations shall, to the extent feasible,  
36 use desk examinations and data requests before an on-site  
37 examination.

38 (6) Market conduct examinations shall be conducted in accordance  
39 with the provisions set forth in the NAIC market regulation handbook

1 and the NAIC market conduct uniform examinations procedures, subject  
2 to the precedence of the provisions of chapter 82, Laws of 2007.

3 (7) The commissioner shall use the NAIC standard data request.

4 (8) Announcement of the examination shall be sent to the insurer  
5 and posted on the NAIC's examination tracking system as soon as  
6 possible but in no case later than sixty days before the estimated  
7 commencement of the examination, except where the examination is  
8 conducted in response to extraordinary circumstances as described in  
9 RCW 48.37.050(2)(a). The announcement sent to the insurer shall  
10 contain the examination work plan and a request for the insurer to  
11 name its examination coordinator.

12 (9) If an examination is expanded significantly beyond the  
13 original reasons provided to the insurer in the notice of the  
14 examination required by subsection (3) of this section, the  
15 commissioner shall provide written notice to the insurer, explaining  
16 the expansion and reasons for the expansion. The commissioner shall  
17 provide a revised work plan if the expansion results in significant  
18 changes to the items presented in the original work plan required by  
19 subsection (3) of this section.

20 (10) The commissioner shall conduct a preexamination conference  
21 with the insurer examination coordinator and key personnel to clarify  
22 expectations at least thirty days before commencement of the  
23 examination, unless otherwise agreed by the insurer and the  
24 commissioner.

25 (11) Before the conclusion of the field work for market conduct  
26 examination, the examiner-in-charge shall review examination findings  
27 to date with insurer personnel and schedule an exit conference with  
28 the insurer, in accordance with procedures in the NAIC market  
29 regulation handbook.

30 (12)(a) No later than sixty days after completion of each market  
31 conduct examination, the commissioner shall make a full written  
32 report of each market conduct examination containing only facts  
33 ascertained from the accounts, records, and documents examined and  
34 from the sworn testimony of individuals, and such conclusions and  
35 recommendations as may reasonably be warranted from such facts.

36 (b) The report shall be certified by the commissioner or by the  
37 examiner-in-charge of the examination, and shall be filed in the  
38 commissioner's office subject to (c) of this subsection.

39 (c) The commissioner shall furnish a copy of the market conduct  
40 examination report to the person examined not less than ten days and,

1 unless the time is extended by the commissioner, not more than thirty  
2 days prior to the filing of the report for public inspection in the  
3 commissioner's office. If the person so requests in writing within  
4 such period, the commissioner shall hold a hearing to consider  
5 objections of such person to the report as proposed, and shall not so  
6 file the report until after such hearing and until after any  
7 modifications in the report deemed necessary by the commissioner have  
8 been made.

9 (d) Within thirty days of the end of the period described in (c)  
10 of this subsection, unless extended by order of the commissioner, the  
11 commissioner shall consider the report, together with any written  
12 submissions or rebuttals and any relevant portions of the examiner's  
13 work papers and enter an order:

14 (i) Adopting the market conduct examination report as filed or  
15 with modification or corrections. If the market conduct examination  
16 report reveals that the company is operating in violation of any law,  
17 rule, or order of the commissioner, the commissioner may order the  
18 company to take any action the commissioner considers necessary and  
19 appropriate to cure that violation;

20 (ii) Rejecting the market conduct examination report with  
21 directions to the examiners to reopen the examination for purposes of  
22 obtaining additional data, documentation, or information, and  
23 refiling under this subsection; or

24 (iii) Calling for an investigatory hearing with no less than  
25 twenty days' notice to the company for purposes of obtaining  
26 additional documentation, data, information, and testimony.

27 (e) All orders entered under (d) of this subsection must be  
28 accompanied by findings and conclusions resulting from the  
29 commissioner's consideration and review of the market conduct  
30 examination report, relevant examiner work papers, and any written  
31 submissions or rebuttals. The order is considered a final  
32 administrative decision and may be appealed under the administrative  
33 procedure act, chapter 34.05 RCW, and must be served upon the company  
34 by certified mail or certifiable electronic means, together with a  
35 copy of the adopted examination report. A copy of the adopted  
36 examination report must be sent by certified mail or certifiable  
37 electronic means to each director at the director's residential  
38 address or to a personal e-mail account.

39 (f)(i) Upon the adoption of the market conduct examination report  
40 under (d) of this subsection, the commissioner shall continue to hold

1 the content of the examination report as private and confidential  
2 information for a period of five days except that the order may be  
3 disclosed to the person examined. Thereafter, the commissioner may  
4 open the report for public inspection so long as no court of  
5 competent jurisdiction has stayed its publication.

6 (ii) If the commissioner determines that regulatory action is  
7 appropriate as a result of any market conduct examination, he or she  
8 may initiate any proceedings or actions as provided by law.

9 (iii) Nothing contained in this subsection requires the  
10 commissioner to disclose any information or records that would  
11 indicate or show the existence or content of any investigation or  
12 activity of a criminal justice agency.

13 (g) The insurer's response shall be included in the  
14 commissioner's order adopting the final report as an exhibit to the  
15 order. The insurer is not obligated to submit a response.

16 (13) The commissioner may withhold from public inspection any  
17 examination or investigation report for so long as he or she deems it  
18 advisable.

19 (14)(a) Market conduct examinations within this state of any  
20 insurer domiciled or having its home offices in this state, other  
21 than a title insurer, made by the commissioner or the commissioner's  
22 examiners and employees shall, except as to fees, mileage, and  
23 expense incurred as to witnesses, be at the expense of the state.

24 (b) Every other examination, whatsoever, or any part of the  
25 market conduct examination of any person domiciled or having its home  
26 offices in this state requiring travel and services outside this  
27 state, shall be made by the commissioner or by examiners designated  
28 by the commissioner and shall be at the expense of the person  
29 examined; but a domestic insurer shall not be liable for the  
30 compensation of examiners employed by the commissioner for such  
31 services outside this state.

32 (c) When making a market conduct examination under this chapter,  
33 the commissioner may contract, in accordance with applicable state  
34 contracting procedures, for qualified attorneys, appraisers,  
35 independent certified public accountants, contract actuaries, and  
36 other similar individuals who are independently practicing their  
37 professions, even though those persons may from time to time be  
38 similarly employed or retained by persons subject to examination  
39 under this chapter, as examiners as the commissioner deems necessary  
40 for the efficient conduct of a particular examination. The

1 compensation and per diem allowances paid to such contract persons  
2 shall be reasonable in the market and time incurred, shall not exceed  
3 one hundred twenty-five percent of the compensation and per diem  
4 allowances for examiners set forth in the guidelines adopted by the  
5 national association of insurance commissioners, unless the  
6 commissioner demonstrates that one hundred twenty-five percent is  
7 inadequate under the circumstances of the examination, and subject to  
8 the provisions of (a) of this subsection.

9 (d)(i) The person examined and liable shall reimburse the state  
10 upon presentation of an itemized statement thereof, for the actual  
11 travel expenses of the commissioner's examiners, their reasonable  
12 living expenses allowance, and their per diem compensation, including  
13 salary and the employer's cost of employee benefits, at a reasonable  
14 rate approved by the commissioner, incurred on account of the  
15 examination. Per diem, salary, and expenses for employees examining  
16 insurers domiciled outside the state of Washington shall be  
17 established by the commissioner on the basis of the national  
18 association of insurance commissioner's recommended salary and  
19 expense schedule for zone examiners, or the salary schedule  
20 (~~established by the human resources director~~) and the expense  
21 schedule established by the office of financial management, whichever  
22 is higher. A domestic title insurer shall pay the examination expense  
23 and costs to the commissioner as itemized and billed by the  
24 commissioner.

25 (ii) The commissioner or the commissioner's examiners shall not  
26 receive or accept any additional emolument on account of any  
27 examination.

28 (iii) Market conduct examination fees subject to being reimbursed  
29 by an insurer shall be itemized and bills shall be provided to the  
30 insurer on a monthly basis for review prior to submission for  
31 payment, or as otherwise provided by state law.

32 (e) Nothing contained in this chapter limits the commissioner's  
33 authority to terminate or suspend any examination in order to pursue  
34 other legal or regulatory action under the insurance laws of this  
35 state. Findings of fact and conclusions made pursuant to any  
36 examination are prima facie evidence in any legal or regulatory  
37 action.

38 (f) The commissioner shall maintain active management and  
39 oversight of market conduct examination costs, including costs  
40 associated with the commissioner's own examiners, and with retaining

1 qualified contract examiners necessary to perform an examination. Any  
2 agreement with a contract examiner shall:

3 (i) Clearly identify the types of functions to be subject to  
4 outsourcing;

5 (ii) Provide specific timelines for completion of the outsourced  
6 review;

7 (iii) Require disclosure to the insurer of contract examiners'  
8 recommendations;

9 (iv) Establish and use a dispute resolution or arbitration  
10 mechanism to resolve conflicts with insurers regarding examination  
11 fees; and

12 (v) Require disclosure of the terms of the contracts with the  
13 outside consultants that will be used, specifically the fees and/or  
14 hourly rates that can be charged.

15 (g) The commissioner, or the commissioner's designee, shall  
16 review and affirmatively endorse detailed billings from the qualified  
17 contract examiner before the detailed billings are sent to the  
18 insurer.

19 **Sec. 217.** RCW 49.74.020 and 2011 1st sp.s. c 43 s 463 are each  
20 amended to read as follows:

21 If the commission reasonably believes that a state agency, an  
22 institution of higher education, or the state patrol has failed to  
23 comply with an affirmative action rule adopted under RCW 41.06.150 or  
24 43.43.340, the commission shall notify the director of the state  
25 agency, president of the institution of higher education, or chief of  
26 the Washington state patrol of the noncompliance, as well as the  
27 (~~human resources~~) director of financial management. The commission  
28 shall give the director of the state agency, president of the  
29 institution of higher education, or chief of the Washington state  
30 patrol an opportunity to be heard on the failure to comply.

31 **PART III**  
32 **CONSOLIDATED TECHNOLOGY SERVICES AGENCY**

33 **Sec. 301.** RCW 43.105.020 and 2011 1st sp.s. c 43 s 802 are each  
34 amended to read as follows:

35 The definitions in this section apply throughout this chapter  
36 unless the context clearly requires otherwise.

37 (1) "Agency" means the consolidated technology services agency.

1           (2) "Board" means the technology services board.

2           (3) "Customer agencies" means all entities that purchase or use  
3 information technology resources, telecommunications, or services  
4 from the consolidated technology services agency.

5           (~~(3)~~) (4) "Director" means the state chief information officer,  
6 who is the director of the consolidated technology services agency.

7           (~~(4)~~) (5) "Equipment" means the machines, devices, and  
8 transmission facilities used in information processing, including but  
9 not limited to computers, terminals, telephones, wireless  
10 communications system facilities, cables, and any physical facility  
11 necessary for the operation of such equipment.

12           (~~(5)~~) (6) "Enterprise architecture" means an ongoing  
13 (~~program~~) activity for translating business vision and strategy  
14 into effective enterprise change. It is a continuous activity.  
15 Enterprise architecture creates, communicates, and improves the key  
16 principles and models that describe the enterprise's future state and  
17 enable its evolution.

18           (~~(6)~~) (7) "Information" includes, but is not limited to, data,  
19 text, voice, and video.

20           (8) "Information technology" includes, but is not limited to, all  
21 electronic technology systems and services, automated information  
22 handling, system design and analysis, conversion of data, computer  
23 programming, information storage and retrieval, telecommunications,  
24 requisite system controls, simulation, electronic commerce, radio  
25 technologies, and all related interactions between people and  
26 machines.

27           (~~(7)~~) (9) "Information technology portfolio" or "portfolio"  
28 means a strategic management process documenting relationships  
29 between agency missions and information technology and  
30 telecommunications investments.

31           (~~(8)~~) (10) "K-20 network" means the network established in RCW  
32 43.41A.085 (as recodified by this act).

33           (11) "Local governments" includes all municipal and quasi-  
34 municipal corporations and political subdivisions, and all agencies  
35 of such corporations and subdivisions authorized to contract  
36 separately.

37           (~~(9)~~) (12) "Office" means the office of the state chief  
38 information officer within the consolidated technology services  
39 agency.

1       (13) "Oversight" means a process of comprehensive risk analysis  
2 and management designed to ensure optimum use of information  
3 technology resources and telecommunications.

4       ~~((10))~~ (14) "Proprietary software" means that software offered  
5 for sale or license.

6       ~~((11))~~ (15) "Public agency" means any agency of this state or  
7 another state; any political subdivision or unit of local government  
8 of this state or another state including, but not limited to,  
9 municipal corporations, quasi-municipal corporations, special purpose  
10 districts, and local service districts; any public benefit nonprofit  
11 corporation; any agency of the United States; and any Indian tribe  
12 recognized as such by the federal government.

13       (16) "Public benefit nonprofit corporation" means a public  
14 benefit nonprofit corporation as defined in RCW 24.03.005 that is  
15 receiving local, state, or federal funds either directly or through a  
16 public agency other than an Indian tribe or political subdivision of  
17 another state.

18       (17) "Public record" has the definitions in RCW 42.56.010 and  
19 chapter 40.14 RCW and includes legislative records and court records  
20 that are available for public inspection.

21       (18) "State agency" means every state office, department,  
22 division, bureau, board, commission, or other state agency, including  
23 offices headed by a statewide elected official.

24       (19) "Telecommunications" includes, but is not limited to,  
25 wireless or wired systems for transport of voice, video, and data  
26 communications, network systems, requisite facilities, equipment,  
27 system controls, simulation, electronic commerce, and all related  
28 interactions between people and machines. (~~"Telecommunications" does~~  
29 ~~not include public safety communications.~~)

30       (20) "Utility-based infrastructure services" includes personal  
31 computer and portable device support, servers and server  
32 administration, security administration, network administration,  
33 telephony, email, and other information technology services commonly  
34 used by state agencies.

35       **Sec. 302.** RCW 43.105.047 and 2011 1st sp.s. c 43 s 803 are each  
36 amended to read as follows:

37       (1) There is created the consolidated technology services agency,  
38 an agency of state government. The agency shall be headed by a  
39 director, who is the state chief information officer. The director



1 shall be appointed by the governor with the consent of the senate.  
2 The director shall serve at the governor's pleasure and shall receive  
3 such salary as determined by the governor. If a vacancy occurs in the  
4 position while the senate is not in session, the governor shall make  
5 a temporary appointment until the next meeting of the senate at which  
6 time he or she shall present to that body his or her nomination for  
7 the position.

8 (2) The director shall:

9 ((+1)) (a) Appoint a confidential secretary and such deputy and  
10 assistant directors as needed to administer the agency; and

11 ((+2)) (b) Appoint such professional, technical, and clerical  
12 assistants and employees as may be necessary to perform the duties  
13 imposed by this chapter in accordance with chapter 41.06 RCW, except  
14 as otherwise provided by law.

15 (3) The director may create such administrative structures as he  
16 or she deems appropriate and may delegate any power or duty vested in  
17 him or her by this chapter or other law.

18 (4) The director shall exercise all the powers and perform all  
19 the duties prescribed by law with respect to the administration of  
20 this chapter including:

21 (a) Reporting to the governor any matters relating to abuses and  
22 evasions of this chapter;

23 (b) Accepting and expending gifts and grants that are related to  
24 the purposes of this chapter;

25 (c) Applying for grants from public and private entities, and  
26 receiving and administering any grant funding received for the  
27 purpose and intent of this chapter; and

28 (d) Performing other duties as are necessary and consistent with  
29 law.

30 **Sec. 303.** RCW 43.105.052 and 2011 1st sp.s. c 43 s 804 are each  
31 amended to read as follows:

32 The agency shall:

33 (1) Make available information services to public agencies and  
34 public benefit nonprofit corporations(~~(. For the purposes of this~~  
35 ~~section "public agency" means any agency of this state or another~~  
36 ~~state; any political subdivision, or unit of local government of this~~  
37 ~~state or another state including, but not limited to, municipal~~  
38 ~~corporations, quasi-municipal corporations, special purpose~~  
39 ~~districts, and local service districts; any agency of the United~~

1 States; and any Indian tribe recognized as such by the federal  
2 government and "public benefit nonprofit corporation" means a public  
3 benefit nonprofit corporation as defined in RCW 24.03.005 that is  
4 receiving local, state, or federal funds either directly or through a  
5 public agency other than an Indian tribe or political subdivision of  
6 another state));

7 (2) Establish rates and fees for services provided by the  
8 agency((. A billing rate plan shall be developed for a two-year  
9 period to coincide with the budgeting process. The rate plan shall be  
10 subject to review at least annually by the office of financial  
11 management. The rate plan shall show the proposed rates by each cost  
12 center and will show the components of the rate structure as mutually  
13 determined by the agency and the office of financial management. The  
14 rate plan and any adjustments to rates shall be approved by the  
15 office of financial management));

16 (3) ((With the advice of the board and customer agencies, develop  
17 a state strategic information technology plan and performance reports  
18 as required under RCW 43.41A.030;

19 (4)) Develop a billing rate plan for a two-year period to  
20 coincide with the budgeting process. The rate plan must be subject to  
21 review at least annually by the office of financial management. The  
22 rate plan must show the proposed rates by each cost center and show  
23 the components of the rate structure as mutually determined by the  
24 agency and the office of financial management. The rate plan and any  
25 adjustments to rates must be approved by the office of financial  
26 management;

27 (4) Develop a detailed business plan for any service or activity  
28 to be contracted under RCW 41.06.142(7)(b);

29 (5) Develop plans for the agency's achievement of statewide goals  
30 and objectives set forth in the state strategic information  
31 technology plan required under RCW 43.41A.030 (as recodified by this  
32 act);

33 (6) Enable the standardization and consolidation of information  
34 technology infrastructure across all state agencies to support  
35 enterprise-based system development and improve and maintain service  
36 delivery; and

37 ((+5)) (7) Perform all other matters and things necessary to  
38 carry out the purposes and provisions of this chapter.

1       **Sec. 304.** RCW 43.105.111 and 2011 1st sp.s. c 43 s 806 are each  
2 amended to read as follows:

3       The director shall set performance targets and approve plans for  
4 achieving measurable and specific goals for the agency. By January  
5 ~~((2012))~~ 2017, the appropriate organizational performance and  
6 accountability measures and performance targets shall be submitted to  
7 the governor. These measures and targets shall include measures of  
8 performance demonstrating specific and measurable improvements  
9 related to service delivery and costs, operational efficiencies, and  
10 overall customer satisfaction. The agency shall develop a dashboard  
11 of key performance measures that will be updated quarterly and made  
12 available on the agency public web site.

13       The director shall report to the governor on agency performance  
14 at least quarterly. The reports shall be included on the agency's web  
15 site and accessible to the public.

16       **Sec. 305.** RCW 43.105.178 and 2010 c 282 s 12 are each amended to  
17 read as follows:

18       ~~((1))~~ The ~~((department))~~ agency, in collaboration with state  
19 agencies, shall conduct an inventory from existing data sets of  
20 information technology assets owned or leased by state agencies. This  
21 inventory must be used to inform the development of a state  
22 information technology asset management process. Prior to  
23 implementation of any state information technology asset management  
24 process, the ~~((department))~~ agency must submit its recommended  
25 approach, including an estimate of the associated implementation  
26 costs, to the board for approval.

27       ~~((2) For the purposes of this section, "state agency" includes  
28 every state office, department, division, bureau, board, commission,  
29 or other state agency, including offices headed by a statewide  
30 elected official, and offices in the legislative and judicial  
31 branches of state government, notwithstanding the provisions of RCW  
32 44.68.105.))~~

33       **Sec. 306.** RCW 43.105.825 and 2012 c 229 s 588 are each amended  
34 to read as follows:

35       (1) In overseeing the technical aspects of the K-20 network, the  
36 ~~((information services))~~ board is not intended to duplicate the  
37 statutory responsibilities of the student achievement council, the  
38 superintendent of public instruction, the ~~((information services))~~

1 board, the state librarian, or the governing boards of the  
2 institutions of higher education.

3 (2) The board may not interfere in any curriculum or legally  
4 offered programming offered over the network.

5 (3) The responsibility to review and approve standards and common  
6 specifications for the network remains the responsibility of the  
7 (~~information services~~) board (~~under RCW 43.105.041~~).

8 (4) The coordination of telecommunications planning for the  
9 common schools remains the responsibility of the superintendent of  
10 public instruction. (~~Except as set forth in RCW 43.105.041(1)(d),~~)  
11 The board may recommend, but not require, revisions to the  
12 superintendent's telecommunications plans.

13 **Sec. 307.** RCW 43.41A.025 and 2013 2nd sp.s. c 33 s 1 are each  
14 amended to read as follows:

15 (1) The (~~chief information officer~~) director shall establish  
16 standards and policies to govern information technology in the state  
17 of Washington.

18 (2) The office shall have the following powers and duties related  
19 to information services:

20 (a) To develop statewide standards and policies governing the:

21 (i) Acquisition (~~and disposition~~) of equipment, software, and  
22 (~~personal and purchased~~) technology-related services(~~(τ)~~);

23 (ii) Disposition of equipment;

24 (iii) Licensing of the radio spectrum by or on behalf of state  
25 agencies(~~(τ)~~); and

26 (iv) Confidentiality of computerized data;

27 (b) To develop statewide (~~or~~) and interagency technical  
28 policies, standards, and procedures;

29 (c) To review and approve standards and common specifications for  
30 new or expanded telecommunications networks proposed by agencies,  
31 public postsecondary education institutions, educational service  
32 districts, or statewide or regional providers of K-12 information  
33 technology services;

34 (~~To develop a detailed business plan for any service or~~  
35 ~~activity to be contracted under RCW 41.06.142(7)(b) by the~~  
36 ~~consolidated technology services agency;~~

37 (e) To) With input from the legislature and the judiciary,  
38 provide direction concerning strategic planning goals and objectives

1 for the state(~~(. The office shall seek input from the legislature and~~  
2 ~~the judiciary))~~);

3 ((~~f~~)) (e) To establish policies for the periodic review by the  
4 ((~~office~~)) director of state agency performance which may include but  
5 are not limited to analysis of:

6 (i) Planning, management, control, and use of information  
7 services;

8 (ii) Training and education; (~~and~~)

9 (iii) Project management; and

10 (iv) Cybersecurity;

11 ((~~g~~)) (f) To coordinate with state agencies with an annual  
12 information technology expenditure that exceeds ten million dollars  
13 to implement a technology business management program to identify  
14 opportunities for savings and efficiencies in information technology  
15 expenditures and to monitor ongoing financial performance of  
16 technology investments; and

17 ((~~h~~)) (g) In conjunction with the consolidated technology  
18 services agency, to develop statewide standards for agency purchases  
19 of technology networking equipment and services.

20 (3) Statewide technical standards to promote and facilitate  
21 electronic information sharing and access are an essential component  
22 of acceptable and reliable public access service and complement  
23 content-related standards designed to meet those goals. The office  
24 shall:

25 (a) Establish technical standards to facilitate electronic access  
26 to government information and interoperability of information  
27 systems, including wireless communications systems; and

28 (b) Require agencies to include an evaluation of electronic  
29 public access needs when planning new information systems or major  
30 upgrades of systems.

31 In developing these standards, the office is encouraged to  
32 include the state library, state archives, and appropriate  
33 representatives of state and local government.

34 (~~((4) The office shall perform other matters and things necessary~~  
35 ~~to carry out the purposes and provisions of this chapter.))~~)

36 **PART IV**

37 **OFFICE OF THE STATE CHIEF INFORMATION OFFICER**

1       **Sec. 401.** RCW 43.41A.010 and 2013 2nd sp.s. c 33 s 3 are each  
2 amended to read as follows:

3       (1) The office of the state chief information officer is created  
4 within the (~~office of financial management~~) consolidated technology  
5 services agency.

6       (2) (~~Powers, duties, and functions assigned to the department of~~  
7 ~~information services as specified in this chapter shall be~~  
8 ~~transferred to the office of chief information officer as provided in~~  
9 ~~this chapter.~~

10       ~~(3))~~ The primary duties of the office are:

11       (a) To prepare and lead the implementation of a strategic  
12 direction and enterprise architecture for information technology for  
13 state government;

14       ~~(b) ((To enable the standardization and consolidation of~~  
15 ~~information technology infrastructure across all state agencies to~~  
16 ~~support enterprise based system development and improve and maintain~~  
17 ~~service delivery;~~

18       ~~(c))~~ To establish standards and policies for the consistent and  
19 efficient operation of information technology services throughout  
20 state government;

21       ~~((d))~~ (c) To establish statewide enterprise architecture that  
22 will serve as the organizing standard for information technology for  
23 state agencies;

24       ~~((e))~~ (d) To educate and inform state managers and policymakers  
25 on technological developments, industry trends and best practices,  
26 industry benchmarks that strengthen decision making and professional  
27 development, and industry understanding for public managers and  
28 decision makers; and

29       (e) To perform all other matters and things necessary to carry  
30 out the purposes and provisions of this chapter.

31       ~~((4))~~ (3) In the case of institutions of higher education, the  
32 powers of the office and the provisions of this chapter apply to  
33 business and administrative applications but do not apply to (a)  
34 academic and research applications; and (b) medical, clinical, and  
35 health care applications, including the business and administrative  
36 applications for such operations. However, institutions of higher  
37 education must disclose to the office any proposed academic  
38 applications that are enterprise-wide in nature relative to the needs  
39 and interests of other institutions of higher education. Institutions  
40 of higher education shall provide to the (~~chief information~~

1 ~~officer~~) director sufficient data and information on proposed  
2 expenditures on business and administrative applications to permit  
3 the (~~chief information officer~~) director to evaluate the proposed  
4 expenditures pursuant to RCW 43.88.092(3).

5 ((+5)) (4) The legislature and the judiciary, which are  
6 constitutionally recognized as separate branches of government, are  
7 strongly encouraged to coordinate with the office and participate in  
8 shared services initiatives and the development of enterprise-based  
9 strategies, where appropriate. Legislative and judicial agencies of  
10 the state shall submit to the (~~chief information officer~~) director  
11 information on proposed information technology expenditures to allow  
12 the (~~chief information officer~~) director to evaluate the proposed  
13 expenditures on an advisory basis.

14 **Sec. 402.** RCW 43.41A.027 and 2013 2nd sp.s. c 33 s 8 are each  
15 amended to read as follows:

16 (1) The office shall establish security standards and policies to  
17 ensure the confidentiality, availability, and integrity of the  
18 information transacted, stored, or processed in the state's  
19 information technology systems and infrastructure. The director shall  
20 appoint a state chief information security officer. Each state  
21 agency, institution of higher education, the legislature, and the  
22 judiciary must develop an information technology security (~~plan~~  
23 ~~and~~) program.

24 ((+1)) (2) Each state agency information technology security  
25 (~~plan and~~) program must adhere to the office's security standards  
26 and policies. Each state agency must review and update its (~~plan~~  
27 ~~and~~) program annually and certify to the office that its (~~plan~~  
28 ~~and~~) program is in compliance with the office's security standards  
29 and policies. The office (~~may~~) shall require (~~an~~) a state agency  
30 to obtain an independent compliance audit of its information  
31 technology security (~~plan and~~) program and controls at least once  
32 every three years to determine whether the state agency's information  
33 technology security program is in compliance with the standards and  
34 policies established by the agency and that security controls  
35 identified by the state agency in its security program are operating  
36 efficiently.

37 ((+2)) (3) In the case of institutions of higher education, the  
38 judiciary, and the legislature, each information technology security  
39 (~~plan and~~) program must be comparable to the intended outcomes of

1 the office's security standards and policies. (~~Each institution, the~~  
2 ~~legislature, and the judiciary shall submit their information~~  
3 ~~technology security plan and program to the office annually for~~  
4 ~~review and comment.~~)

5 **Sec. 403.** RCW 43.41A.030 and 2011 1st sp.s. c 43 s 707 are each  
6 amended to read as follows:

7 (1) The office shall prepare a state strategic information  
8 technology plan which shall establish a statewide mission, goals, and  
9 objectives for the use of information technology, including goals for  
10 electronic access to government records, information, and services.  
11 The plan shall be developed in accordance with the standards and  
12 policies established by the office. The office shall seek the advice  
13 of the board in the development of this plan.

14 The plan shall be updated as necessary and submitted to the  
15 governor and the legislature.

16 (2) The office shall prepare a biennial state performance report  
17 on information technology based on state agency performance reports  
18 required under RCW 43.41A.045 (as recodified by this act) and other  
19 information deemed appropriate by the office. The report shall  
20 include, but not be limited to:

21 (a) An analysis, based upon agency portfolios, of the state's  
22 information technology infrastructure, including its value,  
23 condition, and capacity;

24 (b) An evaluation of performance relating to information  
25 technology;

26 (c) An assessment of progress made toward implementing the state  
27 strategic information technology plan, including progress toward  
28 electronic access to public information and enabling citizens to have  
29 two-way access to public records, information, and services; and

30 (d) An analysis of the success or failure, feasibility, progress,  
31 costs, and timeliness of implementation of major information  
32 technology projects under RCW 43.41A.055 (as recodified by this act).  
33 At a minimum, the portion of the report regarding major technology  
34 projects must include:

35 (i) The total cost data for the entire life-cycle of the project,  
36 including capital and operational costs, broken down by staffing  
37 costs, contracted service, hardware purchase or lease, software  
38 purchase or lease, travel, and training. The original budget must  
39 also be shown for comparison;



1 (ii) The original proposed project schedule and the final actual  
2 project schedule;

3 (iii) Data regarding progress towards meeting the original goals  
4 and performance measures of the project;

5 (iv) Discussion of lessons learned on the project, performance of  
6 any contractors used, and reasons for project delays or cost  
7 increases; and

8 (v) Identification of benefits generated by major information  
9 technology projects developed under RCW 43.41A.055 (as recodified by  
10 this act).

11 Copies of the report shall be distributed biennially to the  
12 governor and the legislature. The major technology section of the  
13 report must examine major information technology projects completed  
14 in the previous biennium.

15 **Sec. 404.** RCW 43.41A.035 and 2011 1st sp.s. c 43 s 708 are each  
16 amended to read as follows:

17 Management of information technology across state government  
18 requires managing resources and business processes across multiple  
19 agencies. It is no longer sufficient to pursue efficiencies within  
20 agency or individual business process boundaries. The state must  
21 manage the business process changes and information technology in  
22 support of business processes as a statewide portfolio. The (~~chief~~  
23 ~~information officer~~) director will use agency information technology  
24 portfolio planning as input to develop a statewide portfolio to guide  
25 resource allocation and prioritization decisions.

26 **Sec. 405.** RCW 43.41A.040 and 2011 1st sp.s. c 43 s 709 are each  
27 amended to read as follows:

28 (~~An~~) A state agency information technology portfolio shall  
29 serve as the basis for making information technology decisions and  
30 plans which may include, but are not limited to:

31 (1) System refurbishment, acquisitions, and development efforts;

32 (2) Setting goals and objectives for using information  
33 technology;

34 (3) Assessments of information processing performance, resources,  
35 and capabilities;

36 (4) Ensuring the appropriate transfer of technological expertise  
37 for the operation of new systems developed using external resources;

1 (5) Guiding new investment demand, prioritization, selection,  
2 performance, and asset value of technology and telecommunications;  
3 and

4 (6) Progress toward providing electronic access to public  
5 information.

6 **Sec. 406.** RCW 43.41A.045 and 2011 1st sp.s. c 43 s 710 are each  
7 amended to read as follows:

8 (1) Each state agency shall develop an information technology  
9 portfolio consistent with RCW 43.41A.110 (as recodified by this act).  
10 The superintendent of public instruction shall develop its portfolio  
11 in conjunction with educational service districts and statewide or  
12 regional providers of K-12 education information technology services.

13 ~~(2) ((Agency portfolios shall include, but not be limited to, the~~  
14 ~~following:~~

15 ~~(a) A baseline assessment of the agency's information technology~~  
16 ~~resources and capabilities that will serve as the benchmark for~~  
17 ~~subsequent planning and performance measures;~~

18 ~~(b) A statement of the agency's mission, goals, and objectives~~  
19 ~~for information technology, including goals and objectives for~~  
20 ~~achieving electronic access to agency records, information, and~~  
21 ~~services;~~

22 ~~(c) An explanation of how the agency's mission, goals, and~~  
23 ~~objectives for information technology support and conform to the~~  
24 ~~state strategic information technology plan developed under RCW~~  
25 ~~43.41A.030;~~

26 ~~(d) An implementation strategy to provide electronic access to~~  
27 ~~public records and information. This implementation strategy must be~~  
28 ~~assembled to include:~~

29 ~~(i) Compliance with Title 40 RCW;~~

30 ~~(ii) Adequate public notice and opportunity for comment;~~

31 ~~(iii) Consideration of a variety of electronic technologies,~~  
32 ~~including those that help transcend geographic locations, standard~~  
33 ~~business hours, economic conditions of users, and disabilities;~~

34 ~~(iv) Methods to educate both state employees and the public in~~  
35 ~~the effective use of access technologies;~~

36 ~~(e) Projects and resources required to meet the objectives of the~~  
37 ~~portfolio; and~~

38 ~~(f) Where feasible, estimated schedules and funding required to~~  
39 ~~implement identified projects.~~

1       ~~(3) Portfolios developed under subsection (1) of this section~~  
2 ~~shall be submitted to the office for review and approval. The chief~~  
3 ~~information officer may reject, require modification to, or approve~~  
4 ~~portfolios as deemed appropriate. Portfolios submitted under this~~  
5 ~~subsection shall be updated and submitted for review and approval as~~  
6 ~~necessary.~~

7       ~~(4) Each agency shall prepare and submit to the office a biennial~~  
8 ~~performance report that evaluates progress toward the objectives~~  
9 ~~articulated in its information technology portfolio and the strategic~~  
10 ~~priorities of the state. The superintendent of public instruction~~  
11 ~~shall develop its portfolio in conjunction with educational service~~  
12 ~~districts and statewide or regional providers of K-12 education~~  
13 ~~information technology services. The report shall include:~~

14       ~~(a) An evaluation of the agency's performance relating to~~  
15 ~~information technology;~~

16       ~~(b) An assessment of progress made toward implementing the agency~~  
17 ~~information technology portfolio;~~

18       ~~(c) Progress toward electronic access to public information and~~  
19 ~~enabling citizens to have two way interaction for obtaining~~  
20 ~~information and services from agencies; and~~

21       ~~(d) An inventory of agency information services, equipment, and~~  
22 ~~proprietary software.~~

23       ~~(5) The office shall establish standards, elements, form, and~~  
24 ~~format for plans and reports developed under this section.~~

25       ~~(6) Agency activities to increase electronic access to public~~  
26 ~~records and information, as required by this section, must be~~  
27 ~~implemented within available resources and existing agency planning~~  
28 ~~processes.~~

29       ~~(7)) The ((office)) director may exempt any state agency from~~  
30 ~~any or all of the requirements of this section.~~

31       **Sec. 407.** RCW 43.41A.050 and 2011 1st sp.s. c 43 s 711 are each  
32 amended to read as follows:

33       (1) Pursuant to RCW 43.88.092(3), at the request of the director  
34 of financial management, the office shall evaluate both state agency  
35 information technology current spending and technology budget  
36 requests, including those proposed by the superintendent of public  
37 instruction, in conjunction with educational service districts, or  
38 statewide or regional providers of K-12 education information  
39 technology services. The office shall submit recommendations for

1 funding all or part of such requests to the director of financial  
2 management. The office shall also submit recommendations regarding  
3 consolidation and coordination of similar proposals or other  
4 efficiencies it finds in reviewing proposals.

5 (2) The office shall establish criteria, consistent with  
6 portfolio-based information technology management, for the evaluation  
7 of agency budget requests under this section. Technology budget  
8 requests shall be evaluated in the context of the state's information  
9 technology portfolio; technology initiatives underlying budget  
10 requests are subject to review by the office. Criteria shall include,  
11 but not be limited to: Feasibility of the proposed projects,  
12 consistency with the state strategic information technology plan and  
13 the state enterprise architecture, consistency with information  
14 technology portfolios, appropriate provision for public electronic  
15 access to information, evidence of business process streamlining and  
16 gathering of business and technical requirements, services, duration  
17 of investment, costs, and benefits.

18 **Sec. 408.** RCW 43.41A.055 and 2011 1st sp.s. c 43 s 712 are each  
19 amended to read as follows:

20 (1) The office shall establish standards and policies governing  
21 the planning, implementation, and evaluation of major information  
22 technology projects, including those proposed by the superintendent  
23 of public instruction, in conjunction with educational service  
24 districts, or statewide or regional providers of K-12 education  
25 information technology services. The standards and policies shall:

26 (a) Establish criteria to identify projects which are subject to  
27 this section. Such criteria shall include, but not be limited to,  
28 significant anticipated cost, complexity, or statewide significance  
29 of the project; and

30 (b) Establish a model process and procedures which state agencies  
31 shall follow in developing and implementing projects within their  
32 information technology portfolios. This process may include project  
33 oversight experts or panels, as appropriate. State agencies may  
34 propose, for approval by the office, a process and procedures unique  
35 to the agency. The office may accept or require modification of such  
36 agency proposals or the office may reject (~~(such—agency))~~ those  
37 proposals and require use of the model process and procedures  
38 established under this subsection. Any process and procedures  
39 developed under this subsection shall require (i) distinct and

1 identifiable phases upon which funding may be based, (ii) user  
2 validation of products through system demonstrations and testing of  
3 prototypes and deliverables, and (iii) other elements identified by  
4 the office.

5 The (~~chief information officer~~) director may suspend or  
6 terminate a major project, and direct that the project funds be  
7 placed into unallotted reserve status, if the (~~chief information~~  
8 ~~officer~~) director determines that the project is not meeting or is  
9 not expected to meet anticipated performance standards.

10 (2) The office of financial management shall establish policies  
11 and standards consistent with portfolio-based information technology  
12 management to govern the funding of projects developed under this  
13 section. The policies and standards shall provide for:

14 (a) Funding of a project under terms and conditions mutually  
15 agreed to by the (~~chief information officer~~) director, the director  
16 of financial management, and the head of the agency proposing the  
17 project. However, the office of financial management may require  
18 incremental funding of a project on a phase-by-phase basis whereby  
19 funds for a given phase of a project may be released only when the  
20 office of financial management determines, with the advice of the  
21 (~~office~~) director, that the previous phase is satisfactorily  
22 completed; and

23 (b) Other elements deemed necessary by the office of financial  
24 management.

25 **Sec. 409.** RCW 43.41A.060 and 2011 1st sp.s. c 43 s 713 are each  
26 amended to read as follows:

27 (1) Prior to making a commitment to purchase, acquire, or develop  
28 a major information technology project or service, state agencies  
29 must provide a proposal to the office outlining the business case of  
30 the proposed product or service, including the up-front and ongoing  
31 cost of the proposal.

32 (2) Within (~~sixty~~) thirty days of receipt of a proposal, the  
33 office shall approve the proposal, reject it, or propose  
34 modifications.

35 (3) In reviewing a proposal, the office must determine whether  
36 the product or service is consistent with:

37 (a) The standards and policies developed by the (~~office~~)  
38 director pursuant to RCW 43.41A.025 (as recodified by this act); and

39 (b) The state's enterprise-based strategy.

1 (4) If a substantially similar product or service is offered by  
2 the ((consolidated technology services)) agency ((established in RCW  
3 43.105.047)), the ((office)) director may require the state agency to  
4 procure the product or service through the ((consolidated technology  
5 services)) agency, if doing so would benefit the state as an  
6 enterprise.

7 (5) The office shall provide guidance to state agencies as to  
8 what threshold of information technology spending constitutes a major  
9 information technology product or service under this section.

10 **Sec. 410.** RCW 43.41A.065 and 2011 1st sp.s. c 43 s 714 are each  
11 amended to read as follows:

12 (1) The office shall develop an enterprise-based strategy for  
13 information technology in state government informed by portfolio  
14 management planning and information technology expenditure  
15 information collected from state agencies pursuant to RCW 43.88.092.

16 (2)(a) The office shall develop an ongoing enterprise  
17 architecture program for translating business vision and strategy  
18 into effective enterprise change. This program will create,  
19 communicate, and improve the key principles and models that describe  
20 the enterprise's future state and enable its evolution, in keeping  
21 with the priorities of government and the information technology  
22 strategic plan.

23 (b) The enterprise architecture program will facilitate business  
24 process collaboration among agencies statewide; improving the  
25 reliability, interoperability, and sustainability of the business  
26 processes that state agencies use.

27 In developing an enterprise-based strategy for the state, the  
28 office is encouraged to consider the following strategies as possible  
29 opportunities for achieving greater efficiency:

30 (i) Developing evaluation criteria for deciding which common  
31 enterprise-wide business processes should become managed as  
32 enterprise services;

33 (ii) Developing a roadmap of priorities for creating enterprise  
34 services;

35 (iii) Developing decision criteria for determining implementation  
36 criteria for centralized or decentralized enterprise services;

37 (iv) Developing evaluation criteria for deciding which technology  
38 investments to continue, hold, or drop; and

1 (v) Performing such other duties as may be (~~assigned by the~~  
2 ~~office~~) needed to promote effective enterprise change.

3 (c) The (~~program~~) office will establish performance measurement  
4 criteria for each of its initiatives; will measure the success of  
5 those initiatives; and will assess its quarterly results with the  
6 (~~chief information officer~~) director to determine whether to  
7 continue, revise, or disband the initiative.

8 **Sec. 411.** RCW 43.41A.070 and 2011 1st sp.s. c 43 s 715 are each  
9 amended to read as follows:

10 (1) The technology services board is created within the (~~office~~  
11 ~~of the chief information officer~~) agency.

12 (~~(1)~~) (2) The board shall be composed of thirteen members. Six  
13 members shall be appointed by the governor, three of whom shall be  
14 representatives of state agencies or institutions, and three of whom  
15 shall be representatives of the private sector. Of the state agency  
16 representatives, at least one of the representatives must have direct  
17 experience using the software projects overseen by the board or  
18 reasonably expect to use the new software developed under the  
19 oversight of the board. Two members shall represent the house of  
20 representatives and shall be selected by the speaker of the house of  
21 representatives with one representative chosen from each major caucus  
22 of the house of representatives; two members shall represent the  
23 senate and shall be appointed by the president of the senate with one  
24 representative chosen from each major caucus of the senate. One  
25 member shall be the (~~chief information officer~~) director who shall  
26 be a voting member of the board and serve as chair. Two nonvoting  
27 members with information technology expertise must be appointed by  
28 the governor as follows:

29 (a) One member representing state agency bargaining units shall  
30 be selected from a list of three names submitted by each of the  
31 general government exclusive bargaining representatives; and

32 (b) One member representing local governments shall be selected  
33 from a list of three names submitted by commonly recognized local  
34 government organizations.

35 The governor may reject all recommendations and request new  
36 recommendations.

37 (~~(2)~~) (3) Of the initial members, three must be appointed for a  
38 one-year term, three must be appointed for a two-year term, and four

1 must be appointed for a three-year term. Thereafter, members must be  
2 appointed for three-year terms.

3 ~~((3))~~ (4) Vacancies shall be filled in the same manner that the  
4 original appointments were made for the remainder of the member's  
5 term.

6 ~~((4))~~ (5) Members of the board shall be reimbursed for travel  
7 expenses as provided in RCW 43.03.050 and 43.03.060.

8 ~~((5))~~ (6) The office shall provide staff support to the board.

9 **Sec. 412.** RCW 43.41A.075 and 2011 1st sp.s. c 43 s 716 are each  
10 amended to read as follows:

11 The board shall have the following powers and duties related to  
12 information services:

13 (1) To review and approve standards and ~~((procedures))~~ policies,  
14 developed by the office ~~((of the chief information officer))~~,  
15 governing the acquisition and disposition of equipment, proprietary  
16 software, and purchased services, licensing of the radio spectrum by  
17 or on behalf of state agencies, and confidentiality of computerized  
18 data;

19 (2) To review and approve statewide or interagency technical  
20 policies~~((,))~~ and standards~~((, and procedures))~~ developed by the  
21 office ~~((of the chief information officer))~~;

22 (3) To review, approve, and provide oversight of major  
23 information technology projects to ensure that no major information  
24 technology project proposed by a state agency is approved or  
25 authorized funding by the board without consideration of the  
26 technical and financial business case for the project, including a  
27 review of:

28 (a) The total cost of ownership across the life of the project;

29 (b) All major technical options and alternatives analyzed, and  
30 reviewed, if necessary, by independent technical sources; and

31 (c) Whether the project is technically and financially  
32 justifiable when compared against the state's enterprise-based  
33 strategy, long-term technology trends, and existing or potential  
34 partnerships with private providers or vendors;

35 (4) To review and approve standards and common specifications for  
36 new or expanded telecommunications networks proposed by state  
37 agencies, public postsecondary education institutions, educational  
38 service districts, or statewide or regional providers of K-12  
39 information technology services, and to assure the cost-effective



1 development and incremental implementation of a statewide video  
2 telecommunications system to serve: Public schools; educational  
3 service districts; vocational-technical institutes; community  
4 colleges; colleges and universities; state and local government; and  
5 the general public through public affairs programming;

6 (5) To develop a policy to determine whether a proposed project,  
7 product, or service should undergo an independent technical and  
8 financial analysis prior to submitting a request to the office of  
9 financial management for the inclusion in any proposed operating,  
10 capital, or transportation budget;

11 (6) To approve contracting for services and activities under RCW  
12 41.06.142(7) for the ((consolidated technology service)) agency. To  
13 approve any service or activity to be contracted under RCW  
14 41.06.142(7)(b), the board must also review the proposed business  
15 plan and recommendation submitted by the office;

16 (7) To consider, on an ongoing basis, ways to promote strategic  
17 investments in enterprise-level information technology projects that  
18 will result in service improvements and cost efficiency;

19 (8) To provide a forum to solicit external expertise and  
20 perspective on developments in information technology, enterprise  
21 architecture, standards, and policy development; and

22 (9) To provide a forum where ideas and issues related to  
23 information technology plans, policies, and standards can be  
24 reviewed.

25 **Sec. 413.** RCW 43.41A.080 and 2011 1st sp.s. c 43 s 717 are each  
26 amended to read as follows:

27 (1) The ((chief information officer)) director shall appoint a  
28 state interoperability executive committee, the membership of which  
29 must include, but not be limited to, representatives of the military  
30 department, the Washington state patrol, the department of  
31 transportation, the office of the state chief information officer,  
32 the department of natural resources, city and county governments,  
33 state and local fire chiefs, police chiefs, and sheriffs, and state  
34 and local emergency management directors. The chair and legislative  
35 members of the board will serve as nonvoting ex officio members of  
36 the committee. Voting membership may not exceed fifteen members.

37 (2) The ((chief information officer)) director shall appoint the  
38 chair of the committee from among the voting members of the  
39 committee.

1 (3) The state interoperability executive committee has the  
2 following responsibilities:

3 (a) Develop policies and make recommendations to the office for  
4 technical standards for state wireless radio communications systems,  
5 including emergency communications systems. The standards must  
6 address, among other things, the interoperability of systems, taking  
7 into account both existing and future systems and technologies;

8 (b) Coordinate and manage on behalf of the office the licensing  
9 and use of state-designated and state-licensed radio frequencies,  
10 including the spectrum used for public safety and emergency  
11 communications, and serve as the point of contact with the federal  
12 communications commission and the first responders network authority  
13 on matters relating to allocation, use, and licensing of radio  
14 spectrum;

15 (c) Coordinate the purchasing of all state wireless radio  
16 communications system equipment to ensure that:

17 (i) After the transition from a radio over internet protocol  
18 network, any new trunked system shall be, at a minimum, project-25;

19 (ii) Any new system that requires advanced digital features shall  
20 be, at a minimum, project-25; and

21 (iii) Any new system or equipment purchases shall be, at a  
22 minimum, upgradable to project-25;

23 (d) Seek support, including possible federal or other funding,  
24 for state-sponsored wireless communications systems;

25 (e) Develop recommendations for legislation that may be required  
26 to promote interoperability of state wireless communications systems;

27 (f) Foster cooperation and coordination among public safety and  
28 emergency response organizations;

29 (g) Work with wireless communications groups and associations to  
30 ensure interoperability among all public safety and emergency  
31 response wireless communications systems; and

32 (h) Perform such other duties as may be assigned by the  
33 ((office)) director to promote interoperability of wireless  
34 communications systems.

35 (4) The office shall provide administrative support to the  
36 committee.

37 **Sec. 414.** RCW 43.41A.130 and 1996 c 171 s 12 are each amended to  
38 read as follows:

1 Funding to meet the costs of providing access, including the  
2 building of the necessary information systems, the digitizing of  
3 information, developing the ability to mask nondisclosable  
4 information, and maintenance and upgrade of information access  
5 systems should come primarily from state and local appropriations,  
6 federal dollars, grants, private funds, cooperative ventures among  
7 governments, nonexclusive licensing, and public/private partnerships.  
8 (~~Agencies should not offer customized electronic access services as  
9 the primary way of responding to requests or as a primary source of  
10 revenue. Fees for staff time to respond to requests, and other direct  
11 costs may be included in costs of providing customized access.~~)

12 State agencies and local governments are encouraged to pool  
13 resources and to form cooperative ventures to provide electronic  
14 access to government records and information. State agencies are  
15 encouraged to seek federal and private grants for projects that  
16 provide increased efficiency and improve government delivery of  
17 information and services.

18 **Sec. 415.** RCW 43.41A.140 and 2011 c 60 s 39 are each amended to  
19 read as follows:

20 State agencies and local governments that collect and enter  
21 information concerning individuals into electronic records and  
22 information systems that will be widely accessible by the public  
23 under RCW 42.56.010 shall ensure the accuracy of this information to  
24 the extent possible. To the extent possible, information must be  
25 collected directly from, and with the consent of, the individual who  
26 is the subject of the data. State agencies shall establish procedures  
27 for correcting inaccurate information, including establishing  
28 mechanisms for individuals to review information about themselves and  
29 recommend changes in information they believe to be inaccurate. The  
30 inclusion of personal information in electronic public records that  
31 is widely available to the public should include information on the  
32 date when the database was created or most recently updated. If  
33 personally identifiable information is included in electronic public  
34 records that are made widely available to the public, state agencies  
35 must follow retention and archival schedules in accordance with  
36 chapter 40.14 RCW, retaining personally identifiable information only  
37 as long as needed to carry out the purpose for which it was  
38 collected. At least once every five years, each agency that collects

1 information must review the information collected and justify why it  
2 is being collected and for what purpose.

3 **Sec. 416.** RCW 43.41A.150 and 2011 1st sp.s. c 43 s 735 are each  
4 amended to read as follows:

5 (1) Except as provided by subsection (2) of this section, state  
6 agencies shall locate all existing and new servers in the state data  
7 center.

8 (2) State agencies with a service requirement that requires  
9 servers to be located outside the state data center must receive a  
10 waiver from the office. Waivers must be based upon written  
11 justification from the requesting state agency citing specific  
12 service or performance requirements for locating servers outside the  
13 state's common platform.

14 (3) The office, in consultation with the office of financial  
15 management, shall continue to develop the business plan and migration  
16 schedule for moving all state agencies into the state data center.

17 (4) The legislature and the judiciary, which are constitutionally  
18 recognized as separate branches of government, may enter into an  
19 interagency agreement with the office to migrate its servers into the  
20 state data center.

21 (5) This section does not apply to institutions of higher  
22 education.

23 **Sec. 417.** RCW 43.41A.152 and 2011 1st sp.s. c 43 s 736 are each  
24 amended to read as follows:

25 (1) The office shall conduct a needs assessment and develop a  
26 migration strategy to ensure that, over time, all state agencies are  
27 moving towards using the ~~((consolidated technology services))~~ agency  
28 ~~((established in RCW 43.105.047))~~ as their central service provider  
29 for all utility-based infrastructure services, including centralized  
30 PC and infrastructure support. State agency-specific application  
31 services shall remain managed within individual agencies.

32 (2) The office shall develop short-term and long-term objectives  
33 as part of the migration strategy.

34 (3) ~~((For the purposes of this section, "utility-based~~  
35 ~~infrastructure services" includes personal computer and portable~~  
36 ~~device support, servers and server administration, security~~  
37 ~~administration, network administration, telephony, e-mail, and other~~  
38 ~~information technology services commonly utilized by state agencies.~~



1 (1) The office has the duty to govern and oversee the technical  
2 design, implementation, and operation of the K-20 network including,  
3 but not limited to, the following duties: Establishment and  
4 implementation of K-20 network technical policy, including technical  
5 standards and conditions of use; review and approval of network  
6 design; and resolving user/provider disputes.

7 (2) The office has the following powers and duties:

8 (a) In cooperation with the educational sectors and other  
9 interested parties, to establish goals and measurable objectives for  
10 the network;

11 (b) To ensure that the goals and measurable objectives of the  
12 network are the basis for any decisions or recommendations regarding  
13 the technical development and operation of the network;

14 (c) To adopt, modify, and implement policies to facilitate  
15 network development, operation, and expansion. Such policies may  
16 include but need not be limited to the following issues: Quality of  
17 educational services; access to the network by recognized  
18 organizations and accredited institutions that deliver educational  
19 programming, including public libraries; prioritization of  
20 programming within limited resources; prioritization of access to the  
21 system and the sharing of technological advances; network security;  
22 identification and evaluation of emerging technologies for delivery  
23 of educational programs; future expansion or redirection of the  
24 system; network fee structures; and costs for the development and  
25 operation of the network;

26 (d) To prepare and submit to the governor and the legislature a  
27 coordinated budget for network development, operation, and expansion.  
28 The budget shall include the (~~chief information officer's~~) director  
29 of the consolidated technology services agency's recommendations on  
30 (i) any state funding requested for network transport and equipment,  
31 distance education facilities and hardware or software specific to  
32 the use of the network, and proposed new network end sites, (ii)  
33 annual copayments to be charged to public educational sector  
34 institutions and other public entities connected to the network, and  
35 (iii) charges to nongovernmental entities connected to the network;

36 (e) To adopt and monitor the implementation of a methodology to  
37 evaluate the effectiveness of the network in achieving the  
38 educational goals and measurable objectives;

39 (f) To establish by rule acceptable use policies governing user  
40 eligibility for participation in the K-20 network, acceptable uses of

1 network resources, and procedures for enforcement of such policies.  
2 The office shall set forth appropriate procedures for enforcement of  
3 acceptable use policies, that may include suspension of network  
4 connections and removal of shared equipment for violations of network  
5 conditions or policies. The office shall have sole responsibility for  
6 the implementation of enforcement procedures relating to technical  
7 conditions of use.

8 **Sec. 502.** RCW 43.41A.095 and 2011 1st sp.s. c 43 s 720 are each  
9 amended to read as follows:

10 The ((~~chief information officer~~)) office, in conjunction with the  
11 K-20 network users, shall maintain a technical plan of the K-20  
12 telecommunications system and ongoing system enhancements. The office  
13 shall ensure that the technical plan adheres to the goals and  
14 objectives established under RCW 43.41A.025 (as recodified by this  
15 act). The technical plan shall provide for:

16 (1) A telecommunications backbone connecting educational service  
17 districts, the main campuses of public baccalaureate institutions,  
18 the branch campuses of public research institutions, and the main  
19 campuses of community colleges and technical colleges.

20 (2)(a) Connection to the K-20 network by entities that include,  
21 but need not be limited to: School districts, public higher education  
22 off-campus and extension centers, and branch campuses of community  
23 colleges and technical colleges, as prioritized by the chief  
24 information officer; (b) distance education facilities and components  
25 for entities listed in this subsection and subsection (1) of this  
26 section; and (c) connection for independent nonprofit institutions of  
27 higher education, provided that:

28 (i) The ((~~chief information officer~~)) office and each independent  
29 nonprofit institution of higher education to be connected agree in  
30 writing to terms and conditions of connectivity. The terms and  
31 conditions shall ensure, among other things, that the provision of  
32 K-20 services does not violate Article VIII, section 5 of the state  
33 Constitution and that the institution shall adhere to K-20 network  
34 policies; and

35 (ii) The ((~~chief information officer~~)) office determines that  
36 inclusion of the independent nonprofit institutions of higher  
37 education will not significantly affect the network's eligibility for  
38 federal universal service fund discounts or subsidies.

1 (3) Subsequent phases may include, but need not be limited to,  
2 connections to public libraries, state and local governments,  
3 community resource centers, and the private sector.

4 **Sec. 503.** RCW 43.41A.105 and 2011 1st sp.s. c 43 s 722 are each  
5 amended to read as follows:

6 (1) The education technology revolving fund is created in the  
7 custody of the state treasurer. All receipts from billings under  
8 subsection (2) of this section must be deposited in the revolving  
9 fund. Only the (~~chief information officer~~) director or the (~~chief  
10 information officer's~~) director's designee may authorize  
11 expenditures from the fund. The revolving fund shall be used to pay  
12 for K-20 network operations, transport, equipment, software,  
13 supplies, and services, maintenance and depreciation of on-site data,  
14 and shared infrastructure, and other costs incidental to the  
15 development, operation, and administration of shared educational  
16 information technology services, telecommunications, and systems. The  
17 revolving fund shall not be used for the acquisition, maintenance, or  
18 operations of local telecommunications infrastructure or the  
19 maintenance or depreciation of on-premises video equipment specific  
20 to a particular institution or group of institutions.

21 (2) The revolving fund and all disbursements from the revolving  
22 fund are subject to the allotment procedure under chapter 43.88 RCW,  
23 but an appropriation is not required for expenditures. The office  
24 shall, subject to the review and approval of the office of financial  
25 management, establish and implement a billing structure for network  
26 services identified in subsection (1) of this section.

27 (3) The office shall charge those public entities connected to  
28 the K-20 telecommunications system under RCW 43.41A.095 (as  
29 recodified by this act) an annual copayment per unit of transport  
30 connection as determined by the legislature after consideration of  
31 the board's recommendations. This copayment shall be deposited into  
32 the revolving fund to be used for the purposes in subsection (1) of  
33 this section. It is the intent of the legislature to appropriate to  
34 the revolving fund such moneys as necessary to cover the costs for  
35 transport, maintenance, and depreciation of data equipment located at  
36 the individual public institutions, maintenance and depreciation of  
37 the K-20 network backbone, and services provided to the network under  
38 RCW 43.41A.085 (as recodified by this act).



1       **Sec. 504.** RCW 43.88.160 and 2012 c 230 s 1 are each amended to  
2 read as follows:

3       This section sets forth the major fiscal duties and  
4 responsibilities of officers and agencies of the executive branch.  
5 The regulations issued by the governor pursuant to this chapter shall  
6 provide for a comprehensive, orderly basis for fiscal management and  
7 control, including efficient accounting and reporting therefor, for  
8 the executive branch of the state government and may include, in  
9 addition, such requirements as will generally promote more efficient  
10 public management in the state.

11       (1) Governor; director of financial management. The governor,  
12 through the director of financial management, shall devise and  
13 supervise a modern and complete accounting system for each agency to  
14 the end that all revenues, expenditures, receipts, disbursements,  
15 resources, and obligations of the state shall be properly and  
16 systematically accounted for. The accounting system shall include the  
17 development of accurate, timely records and reports of all financial  
18 affairs of the state. The system shall also provide for central  
19 accounts in the office of financial management at the level of detail  
20 deemed necessary by the director to perform central financial  
21 management. The director of financial management shall adopt and  
22 periodically update an accounting procedures manual. Any agency  
23 maintaining its own accounting and reporting system shall comply with  
24 the updated accounting procedures manual and the rules of the  
25 director adopted under this chapter. An agency may receive a waiver  
26 from complying with this requirement if the waiver is approved by the  
27 director. Waivers expire at the end of the fiscal biennium for which  
28 they are granted. The director shall forward notice of waivers  
29 granted to the appropriate legislative fiscal committees. The  
30 director of financial management may require such financial,  
31 statistical, and other reports as the director deems necessary from  
32 all agencies covering any period.

33       (2) Except as provided in chapter 43.88C RCW, the director of  
34 financial management is responsible for quarterly reporting of  
35 primary operating budget drivers such as applicable workloads,  
36 caseload estimates, and appropriate unit cost data. These reports  
37 shall be transmitted to the legislative fiscal committees or by  
38 electronic means to the legislative evaluation and accountability  
39 program committee. Quarterly reports shall include actual monthly  
40 data and the variance between actual and estimated data to date. The

1 reports shall also include estimates of these items for the remainder  
2 of the budget period.

3 (3) The director of financial management shall report at least  
4 annually to the appropriate legislative committees regarding the  
5 status of all appropriated capital projects, including transportation  
6 projects, showing significant cost overruns or underruns. If funds  
7 are shifted from one project to another, the office of financial  
8 management shall also reflect this in the annual variance report.  
9 Once a project is complete, the report shall provide a final summary  
10 showing estimated start and completion dates of each project phase  
11 compared to actual dates, estimated costs of each project phase  
12 compared to actual costs, and whether or not there are any  
13 outstanding liabilities or unsettled claims at the time of  
14 completion.

15 (4) In addition, the director of financial management, as agent  
16 of the governor, shall:

17 (a) Develop and maintain a system of internal controls and  
18 internal audits comprising methods and procedures to be adopted by  
19 each agency that will safeguard its assets, check the accuracy and  
20 reliability of its accounting data, promote operational efficiency,  
21 and encourage adherence to prescribed managerial policies for  
22 accounting and financial controls. The system developed by the  
23 director shall include criteria for determining the scope and  
24 comprehensiveness of internal controls required by classes of  
25 agencies, depending on the level of resources at risk.

26 Each agency head or authorized designee shall be assigned the  
27 responsibility and authority for establishing and maintaining  
28 internal audits following the standards of internal auditing of the  
29 institute of internal auditors;

30 (b) Make surveys and analyses of agencies with the object of  
31 determining better methods and increased effectiveness in the use of  
32 manpower and materials; and the director shall authorize expenditures  
33 for employee training to the end that the state may benefit from  
34 training facilities made available to state employees;

35 (c) Establish policies for allowing the contracting of child care  
36 services;

37 (d) Report to the governor with regard to duplication of effort  
38 or lack of coordination among agencies;

39 (e) Review any pay and classification plans, and changes  
40 thereunder, developed by any agency for their fiscal impact:

1 PROVIDED, That none of the provisions of this subsection shall affect  
2 merit systems of personnel management now existing or hereafter  
3 established by statute relating to the fixing of qualifications  
4 requirements for recruitment, appointment, or promotion of employees  
5 of any agency. The director shall advise and confer with agencies  
6 including appropriate standing committees of the legislature as may  
7 be designated by the speaker of the house and the president of the  
8 senate regarding the fiscal impact of such plans and may amend or  
9 alter the plans, except that for the following agencies no amendment  
10 or alteration of the plans may be made without the approval of the  
11 agency concerned: Agencies headed by elective officials;

12 (f) Fix the number and classes of positions or authorized  
13 employee years of employment for each agency and during the fiscal  
14 period amend the determinations previously fixed by the director  
15 except that the director shall not be empowered to fix the number or  
16 the classes for the following: Agencies headed by elective officials;

17 (g) Adopt rules to effectuate provisions contained in (a) through  
18 (f) of this subsection.

19 (5) The treasurer shall:

20 (a) Receive, keep, and disburse all public funds of the state not  
21 expressly required by law to be received, kept, and disbursed by some  
22 other persons: PROVIDED, That this subsection shall not apply to  
23 those public funds of the institutions of higher learning which are  
24 not subject to appropriation;

25 (b) Receive, disburse, or transfer public funds under the  
26 treasurer's supervision or custody;

27 (c) Keep a correct and current account of all moneys received and  
28 disbursed by the treasurer, classified by fund or account;

29 (d) Coordinate agencies' acceptance and use of credit cards and  
30 other payment methods, if the agencies have received authorization  
31 under RCW 43.41.180;

32 (e) Perform such other duties as may be required by law or by  
33 regulations issued pursuant to this law.

34 It shall be unlawful for the treasurer to disburse public funds  
35 in the treasury except upon forms or by alternative means duly  
36 prescribed by the director of financial management. These forms or  
37 alternative means shall provide for authentication and certification  
38 by the agency head or the agency head's designee that the services  
39 have been rendered or the materials have been furnished; or, in the  
40 case of loans or grants, that the loans or grants are authorized by

1 law; or, in the case of payments for periodic maintenance services to  
2 be performed on state owned equipment, that a written contract for  
3 such periodic maintenance services is currently in effect; and the  
4 treasurer shall not be liable under the treasurer's surety bond for  
5 erroneous or improper payments so made. When services are lawfully  
6 paid for in advance of full performance by any private individual or  
7 business entity other than equipment maintenance providers or as  
8 provided for by RCW 42.24.035, such individual or entity other than  
9 central stores rendering such services shall make a cash deposit or  
10 furnish surety bond coverage to the state as shall be fixed in an  
11 amount by law, or if not fixed by law, then in such amounts as shall  
12 be fixed by the director of the department of enterprise services but  
13 in no case shall such required cash deposit or surety bond be less  
14 than an amount which will fully indemnify the state against any and  
15 all losses on account of breach of promise to fully perform such  
16 services. No payments shall be made in advance for any equipment  
17 maintenance services to be performed more than twelve months after  
18 such payment except that institutions of higher education as defined  
19 in RCW 28B.10.016 and the consolidated technology services agency  
20 created in RCW 43.105.006 may make payments in advance for equipment  
21 maintenance services to be performed up to sixty months after such  
22 payment. Any such bond so furnished shall be conditioned that the  
23 person, firm or corporation receiving the advance payment will apply  
24 it toward performance of the contract. The responsibility for  
25 recovery of erroneous or improper payments made under this section  
26 shall lie with the agency head or the agency head's designee in  
27 accordance with rules issued pursuant to this chapter. Nothing in  
28 this section shall be construed to permit a public body to advance  
29 funds to a private service provider pursuant to a grant or loan  
30 before services have been rendered or material furnished.

31 (6) The state auditor shall:

32 (a) Report to the legislature the results of current post audits  
33 that have been made of the financial transactions of each agency; to  
34 this end the auditor may, in the auditor's discretion, examine the  
35 books and accounts of any agency, official, or employee charged with  
36 the receipt, custody, or safekeeping of public funds. Where feasible  
37 in conducting examinations, the auditor shall utilize data and  
38 findings from the internal control system prescribed by the office of  
39 financial management. The current post audit of each agency may

1 include a section on recommendations to the legislature as provided  
2 in (c) of this subsection.

3 (b) Give information to the legislature, whenever required, upon  
4 any subject relating to the financial affairs of the state.

5 (c) Make the auditor's official report on or before the thirty-  
6 first of December which precedes the meeting of the legislature. The  
7 report shall be for the last complete fiscal period and shall include  
8 determinations as to whether agencies, in making expenditures,  
9 complied with the laws of this state. The state auditor is authorized  
10 to perform or participate in performance verifications and  
11 performance audits as expressly authorized by the legislature in the  
12 omnibus biennial appropriations acts or in the performance audit work  
13 plan approved by the joint legislative audit and review committee.  
14 The state auditor, upon completing an audit for legal and financial  
15 compliance under chapter 43.09 RCW or a performance verification, may  
16 report to the joint legislative audit and review committee or other  
17 appropriate committees of the legislature, in a manner prescribed by  
18 the joint legislative audit and review committee, on facts relating  
19 to the management or performance of governmental programs where such  
20 facts are discovered incidental to the legal and financial audit or  
21 performance verification. The auditor may make such a report to a  
22 legislative committee only if the auditor has determined that the  
23 agency has been given an opportunity and has failed to resolve the  
24 management or performance issues raised by the auditor. If the  
25 auditor makes a report to a legislative committee, the agency may  
26 submit to the committee a response to the report. This subsection (6)  
27 shall not be construed to authorize the auditor to allocate other  
28 than de minimis resources to performance audits except as expressly  
29 authorized in the appropriations acts or in the performance audit  
30 work plan. The results of a performance audit conducted by the state  
31 auditor that has been requested by the joint legislative audit and  
32 review committee must only be transmitted to the joint legislative  
33 audit and review committee.

34 (d) Be empowered to take exception to specific expenditures that  
35 have been incurred by any agency or to take exception to other  
36 practices related in any way to the agency's financial transactions  
37 and to cause such exceptions to be made a matter of public record,  
38 including disclosure to the agency concerned and to the director of  
39 financial management. It shall be the duty of the director of  
40 financial management to cause corrective action to be taken within

1 six months, such action to include, as appropriate, the withholding  
2 of funds as provided in RCW 43.88.110. The director of financial  
3 management shall annually report by December 31st the status of audit  
4 resolution to the appropriate committees of the legislature, the  
5 state auditor, and the attorney general. The director of financial  
6 management shall include in the audit resolution report actions taken  
7 as a result of an audit including, but not limited to, types of  
8 personnel actions, costs and types of litigation, and value of  
9 recouped goods or services.

10 (e) Promptly report any irregularities to the attorney general.

11 (f) Investigate improper governmental activity under chapter  
12 42.40 RCW.

13 In addition to the authority given to the state auditor in this  
14 subsection (6), the state auditor is authorized to conduct  
15 performance audits identified in RCW 43.09.470. Nothing in this  
16 subsection (6) shall limit, impede, or restrict the state auditor  
17 from conducting performance audits identified in RCW 43.09.470.

18 (7) The joint legislative audit and review committee may:

19 (a) Make post audits of the financial transactions of any agency  
20 and management surveys and program reviews as provided for in chapter  
21 44.28 RCW as well as performance audits and program evaluations. To  
22 this end the joint committee may in its discretion examine the books,  
23 accounts, and other records of any agency, official, or employee.

24 (b) Give information to the legislature or any legislative  
25 committee whenever required upon any subject relating to the  
26 performance and management of state agencies.

27 (c) Make a report to the legislature which shall include at least  
28 the following:

29 (i) Determinations as to the extent to which agencies in making  
30 expenditures have complied with the will of the legislature and in  
31 this connection, may take exception to specific expenditures or  
32 financial practices of any agencies; and

33 (ii) Such plans as it deems expedient for the support of the  
34 state's credit, for lessening expenditures, for promoting frugality  
35 and economy in agency affairs, and generally for an improved level of  
36 fiscal management.

37 **PART VI**

38 **CORRECTION OF OBSOLETE REFERENCES**

1       **Sec. 601.** RCW 42.17A.705 and 2012 c 229 s 582 are each amended  
2 to read as follows:

3       For the purposes of RCW 42.17A.700, "executive state officer"  
4 includes:

5       (1) The chief administrative law judge, the director of  
6 agriculture, the director of the department of services for the  
7 blind, (~~the chief information officer of the office of chief~~  
8 ~~information officer,~~) the director of the state system of community  
9 and technical colleges, the director of commerce, the director of the  
10 consolidated technology services agency, the secretary of  
11 corrections, the director of early learning, the director of ecology,  
12 the commissioner of employment security, the chair of the energy  
13 facility site evaluation council, the director of enterprise  
14 services, the secretary of the state finance committee, the director  
15 of financial management, the director of fish and wildlife, the  
16 executive secretary of the forest practices appeals board, the  
17 director of the gambling commission, the secretary of health, the  
18 administrator of the Washington state health care authority, the  
19 executive secretary of the health care facilities authority, the  
20 executive secretary of the higher education facilities authority, the  
21 executive secretary of the horse racing commission, the human  
22 resources director, the executive secretary of the human rights  
23 commission, the executive secretary of the indeterminate sentence  
24 review board, the executive director of the state investment board,  
25 the director of labor and industries, the director of licensing, the  
26 director of the lottery commission, the director of the office of  
27 minority and women's business enterprises, the director of parks and  
28 recreation, the executive director of the public disclosure  
29 commission, the executive director of the Puget Sound partnership,  
30 the director of the recreation and conservation office, the director  
31 of retirement systems, the director of revenue, the secretary of  
32 social and health services, the chief of the Washington state patrol,  
33 the executive secretary of the board of tax appeals, the secretary of  
34 transportation, the secretary of the utilities and transportation  
35 commission, the director of veterans affairs, the president of each  
36 of the regional and state universities and the president of The  
37 Evergreen State College, and each district and each campus president  
38 of each state community college;

39       (2) Each professional staff member of the office of the governor;

40       (3) Each professional staff member of the legislature; and

1 (4) Central Washington University board of trustees, the boards  
2 of trustees of each community college and each technical college,  
3 each member of the state board for community and technical colleges,  
4 state convention and trade center board of directors, Eastern  
5 Washington University board of trustees, Washington economic  
6 development finance authority, Washington energy northwest executive  
7 board, The Evergreen State College board of trustees, executive  
8 ethics board, fish and wildlife commission, forest practices appeals  
9 board, forest practices board, gambling commission, Washington health  
10 care facilities authority, student achievement council, higher  
11 education facilities authority, horse racing commission, state  
12 housing finance commission, human rights commission, indeterminate  
13 sentence review board, board of industrial insurance appeals, state  
14 investment board, commission on judicial conduct, legislative ethics  
15 board, life sciences discovery fund authority board of trustees,  
16 liquor control board, lottery commission, Pacific Northwest electric  
17 power and conservation planning council, parks and recreation  
18 commission, Washington personnel resources board, board of pilotage  
19 commissioners, pollution control hearings board, public disclosure  
20 commission, public employees' benefits board, recreation and  
21 conservation funding board, salmon recovery funding board, shorelines  
22 hearings board, board of tax appeals, transportation commission,  
23 University of Washington board of regents, utilities and  
24 transportation commission, Washington State University board of  
25 regents, and Western Washington University board of trustees.

26 **Sec. 602.** RCW 43.70.054 and 1997 c 274 s 2 are each amended to  
27 read as follows:

28 (1) To promote the public interest consistent with chapter 267,  
29 Laws of 1995, the department of health, in cooperation with the  
30 (~~information services board established under RCW 43.105.032~~)  
31 director of the consolidated technology services agency established  
32 in RCW 43.105.047 (as recodified by this act), shall develop health  
33 care data standards to be used by, and developed in collaboration  
34 with, consumers, purchasers, health carriers, providers, and state  
35 government as consistent with the intent of chapter 492, Laws of 1993  
36 as amended by chapter 267, Laws of 1995, to promote the delivery of  
37 quality health services that improve health outcomes for state  
38 residents. The data standards shall include content, coding,  
39 confidentiality, and transmission standards for all health care data



1 elements necessary to support the intent of this section, and to  
2 improve administrative efficiency and reduce cost. Purchasers, as  
3 allowed by federal law, health carriers, health facilities and  
4 providers as defined in chapter 48.43 RCW, and state government shall  
5 utilize the data standards. The information and data elements shall  
6 be reported as the department of health directs by rule in accordance  
7 with data standards developed under this section.

8 (2) The health care data collected, maintained, and studied by  
9 the department under this section or any other entity: (a) Shall  
10 include a method of associating all information on health care costs  
11 and services with discrete cases; (b) shall not contain any means of  
12 determining the personal identity of any enrollee, provider, or  
13 facility; (c) shall only be available for retrieval in original or  
14 processed form to public and private requesters; (d) shall be  
15 available within a reasonable period of time after the date of  
16 request; and (e) shall give strong consideration to data standards  
17 that achieve national uniformity.

18 (3) The cost of retrieving data for state officials and agencies  
19 shall be funded through state general appropriation. The cost of  
20 retrieving data for individuals and organizations engaged in research  
21 or private use of data or studies shall be funded by a fee schedule  
22 developed by the department that reflects the direct cost of  
23 retrieving the data or study in the requested form.

24 (4) All persons subject to this section shall comply with  
25 departmental requirements established by rule in the acquisition of  
26 data, however, the department shall adopt no rule or effect no policy  
27 implementing the provisions of this section without an act of law.

28 (5) The department shall submit developed health care data  
29 standards to the appropriate committees of the legislature by  
30 December 31, 1995.

31 **Sec. 603.** RCW 43.88.092 and 2013 2nd sp.s. c 33 s 4 are each  
32 amended to read as follows:

33 (1) As part of the biennial budget process, the office of  
34 financial management shall collect from agencies, and agencies shall  
35 provide, information to produce reports, summaries, and budget detail  
36 sufficient to allow review, analysis, and documentation of all  
37 current and proposed expenditures for information technology by state  
38 agencies. Information technology budget detail must be included as

1 part of the budget submittal documentation required pursuant to RCW  
2 43.88.030.

3 (2) The office of financial management must collect, and present  
4 as part of the biennial budget documentation, information for all  
5 existing information technology projects as defined by technology  
6 services board policy. The office of financial management must work  
7 with the office of the state chief information officer to maximize  
8 the ability to draw this information from the information technology  
9 portfolio management data collected by the consolidated technology  
10 services agency. Connecting project information collected through the  
11 portfolio management process with financial data developed under  
12 subsection (1) of this section provides transparency regarding  
13 expenditure data for existing technology projects.

14 (3) The (~~chief information officer~~) director of the  
15 consolidated technology services agency shall evaluate proposed  
16 information technology expenditures and establish priority ranking  
17 categories of the proposals. No more than one-third of the proposed  
18 expenditures shall be ranked in the highest priority category.

19 (4) The biennial budget documentation submitted by the office of  
20 financial management pursuant to RCW 43.88.030 must include an  
21 information technology plan and a technology budget for the state  
22 identifying current baseline funding for information technology,  
23 proposed and ongoing major information technology projects, and their  
24 associated costs. This plan and technology budget must be presented  
25 using a method similar to the capital budget, identifying project  
26 costs through stages of the project and across fiscal periods and  
27 biennia from project initiation to implementation. This information  
28 must be submitted electronically, in a format to be determined by the  
29 office of financial management and the legislative evaluation and  
30 accountability program committee.

31 (5) The office of financial management shall also institute a  
32 method of accounting for information technology-related expenditures,  
33 including creating common definitions for what constitutes an  
34 information technology investment.

35 (6) For the purposes of this section, "major information  
36 technology projects" includes projects that have a significant  
37 anticipated cost, complexity, or are of statewide significance, such  
38 as enterprise-level solutions, enterprise resource planning, and  
39 shared services initiatives.



1 million dollars per fiscal biennium for the technology services board  
2 to conduct independent technical and financial analysis of proposed  
3 information technology projects.

4 (3) Only the director or the director's designee may authorize  
5 expenditures from the account. The account is subject to allotment  
6 procedures under chapter 43.88 RCW, but no appropriation is required  
7 for expenditures except as provided in subsection (4) of this  
8 section.

9 (4) Expenditures for the strategic planning and policy component  
10 of the agency are subject to appropriation.

11 NEW SECTION. **Sec. 702.** A new section is added to chapter 43.41  
12 RCW to read as follows:

13 (1) The statewide information technology system development  
14 revolving account is created in the custody of the state treasurer.  
15 All receipts from legislative appropriations and assessments to  
16 agencies for the development and acquisition of enterprise  
17 information technology systems must be deposited into the account.  
18 Moneys in the account may be spent only after appropriation. The  
19 account must be used solely for the development and acquisition of  
20 enterprise information technology systems that are consistent with  
21 the enterprise-based strategy established by the consolidated  
22 technology services agency in RCW 43.105.047 (as recodified by this  
23 act). Expenditures from the account may not be used for maintenance  
24 and operations of enterprise information technology systems. The  
25 account may be used for the payment of salaries, wages, and other  
26 costs directly related to the development and acquisition of  
27 enterprise information technology systems.

28 (2) All payment of principal and interest on debt issued for  
29 enterprise information technology systems must be paid from the  
30 account.

31 (3) The office may contract for the development or acquisition of  
32 enterprise information technology systems.

33 (4) For the purposes of this section and section 703 of this act,  
34 "enterprise information technology system" means an information  
35 technology system that serves agencies with a certain business need  
36 or process that are required to use the system unless the agency has  
37 received a waiver from the state chief information officer.  
38 "Enterprise information technology system" also includes projects  
39 that are of statewide significance including enterprise-level

1 solutions, enterprise resource planning, and shared services  
2 initiatives.

3 NEW SECTION. **Sec. 703.** A new section is added to chapter 43.41  
4 RCW to read as follows:

5 (1) The statewide information technology system maintenance and  
6 operations revolving account is created in the custody of the state  
7 treasurer. All receipts from fees, charges for services, and  
8 assessments to agencies for the maintenance and operations of  
9 enterprise information technology systems must be deposited into the  
10 account. The account must be used solely for the maintenance and  
11 operations of enterprise information technology systems.

12 (2) Only the director or the director's designee may authorize  
13 expenditures from the account. The account is subject to allotment  
14 procedures under chapter 43.88 RCW, but no appropriation is required  
15 for expenditure.

16 (3) The office may contract with the consolidated technology  
17 services agency for the billing of fees, charges for services, and  
18 assessments to agencies, and for the maintenance and operations of  
19 enterprise information technology systems.

20 (4) "Enterprise information technology system" has the definition  
21 in section 702 of this act.

22 NEW SECTION. **Sec. 704.** A new section is added to chapter 43.41  
23 RCW to read as follows:

24 (1) The shared information technology system revolving account is  
25 created in the custody of the state treasurer. All receipts from  
26 fees, charges for services, and assessments to agencies for shared  
27 information technology systems must be deposited into the account.

28 (2) Only the director or the director's designee may authorize  
29 expenditures from the account. The account is subject to allotment  
30 procedures under chapter 43.88 RCW, but no appropriation is required  
31 for expenditure.

32 (3) The office may contract with the consolidated technology  
33 services agency for the billing of fees, charges for services, and  
34 assessments to agencies, and for the development, maintenance, and  
35 operations of shared information technology systems.

36 (4) For the purposes of this section, "shared information  
37 technology system" means an information technology system that is  
38 available to, but not required for use by, agencies.

1 NEW SECTION. **Sec. 705.** The following acts or parts of acts, as  
2 now existing or hereafter amended, are each repealed, effective  
3 January 1, 2016:

4 RCW 43.19.791 (Data processing revolving fund—Created—Use) and  
5 2013 2nd sp.s. c 4 s 976 & 2011 2nd sp.s. c 9 s 906.

6 NEW SECTION. **Sec. 706.** No later than December 31, 2015, any  
7 residual balance of funds remaining in the data processing revolving  
8 fund repealed by section 705 of this act shall be apportioned by the  
9 director of financial management to the appropriate accounts created  
10 in sections 701 through 704 of this act.

11 **PART VIII**

12 **MISCELLANEOUS PROVISIONS**

13 NEW SECTION. **Sec. 801.** (1) All powers, duties, and functions of  
14 the office of the chief information officer within the office of  
15 financial management pertaining to the office of the chief  
16 information officer are transferred to the consolidated technology  
17 services agency.

18 (2)(a) All reports, documents, surveys, books, records, files,  
19 papers, or written material in the possession of the office of the  
20 chief information officer within the office of financial management  
21 pertaining to the powers, duties, and functions transferred shall be  
22 delivered to the custody of the consolidated technology services  
23 agency. All cabinets, furniture, office equipment, motor vehicles,  
24 and other tangible property employed by the office of the chief  
25 information officer within the office of financial management in  
26 carrying out the powers, duties, and functions transferred shall be  
27 made available to the consolidated technology services agency. All  
28 funds, credits, or other assets held in connection with the powers,  
29 duties, and functions transferred shall be assigned to the  
30 consolidated technology services agency.

31 (b) Any appropriations made to the office of the chief  
32 information officer within the office of financial management for  
33 carrying out the powers, duties, and functions transferred shall, on  
34 the effective date of this section, be transferred and credited to  
35 the consolidated technology services agency.

36 (c) Whenever any question arises as to the transfer of any  
37 personnel, funds, books, documents, records, papers, files,

1 equipment, or other tangible property used or held in the exercise of  
2 the powers and the performance of the duties and functions  
3 transferred, the director of financial management shall make a  
4 determination as to the proper allocation and certify the same to the  
5 state agencies concerned.

6 (3) All rules and all pending business before the office of the  
7 chief information officer within the office of financial management  
8 pertaining to the powers, duties, and functions transferred shall be  
9 continued and acted upon by the consolidated technology services  
10 agency. All existing contracts and obligations shall remain in full  
11 force and shall be performed by the consolidated technology services  
12 agency.

13 (4) The transfer of the powers, duties, functions, and personnel  
14 of the office of the chief information officer within the office of  
15 financial management shall not affect the validity of any act  
16 performed before the effective date of this section.

17 (5) If apportionments of budgeted funds are required because of  
18 the transfers directed by this section, the director of financial  
19 management shall certify the apportionments to the agencies affected,  
20 the state auditor, and the state treasurer. Each of these shall make  
21 the appropriate transfer and adjustments in funds and appropriation  
22 accounts and equipment records in accordance with the certification.

23 (6) All exempt employees of the office of the chief information  
24 officer within the office of financial management engaged in  
25 performing the powers, duties, and functions transferred are  
26 transferred to the jurisdiction of the consolidated technology  
27 services agency. All employees classified under chapter 41.06 RCW,  
28 the state civil service law, are assigned to the consolidated  
29 technology services agency to perform their usual duties upon the  
30 same terms as formerly, without any loss of rights, subject to any  
31 action that may be appropriate thereafter in accordance with the laws  
32 and rules governing state civil service.

33 NEW SECTION. **Sec. 802.** Sections 301 through 307, 401 through  
34 421, 501 through 504, 601 through 604, 701 through 706, and 801 of  
35 this act are necessary for the immediate preservation of the public  
36 peace, health, or safety, or support of the state government and its  
37 existing public institutions, and take effect July 1, 2015."

38 Correct the title.

EFFECT: Transfers the Office of the Chief Information Officer and other information technology functions from the Office of Financial Management to the Consolidated Technology Services Agency. Names the Director of the CTS as the state Chief Information Officer. Requires the Director to appoint a state chief information security officer. Requires the OCIO to adopt a policy for cybersecurity. Requires agencies to obtain an independent compliance audit of their IT security programs and controls once every three years to determine compliance with the standards and policies established by the CTS and that security controls identified by state agencies are operating efficiently. Requires state agencies and local governments that collect and enter information concerning individuals into electronic records and information systems to review the information collected and justify the purpose for collecting it at least once every five years. Establishes four IT revolving accounts to replace the Data Processing Revolving Account.

For those agencies that the Director of OFM determines an internal audit is required, the agency must establish and maintain internal audits following professional audit standards. For agencies in which the Director of OFM determines an audit is not required, the agency may establish and maintain internal audits following professional audit standards, but must comply with policies established by the Director of OFM to assess the effectiveness of the agency's systems of internal controls and risk management processes.

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