

SENATE BILL REPORT

SB 6006

As of February 19, 2015

Title: An act relating to increasing the capability of state agencies to develop lean cultures and implement lean performance management strategies through the development of lean curricula and pilot programs administered by the department of enterprise services.

Brief Description: Increasing the capability of state agencies to develop lean cultures and implement lean performance management strategies through the development of lean curricula and pilot programs administered by the department of enterprise services.

Sponsors: Senators Jayapal, Miloscia, Fraser, Padden and Conway.

Brief History:

Committee Activity: Accountability & Reform: 2/18/15.

SENATE COMMITTEE ON ACCOUNTABILITY & REFORM

Staff: Tim Ford (786-7423)

Background: The Department of Enterprise Services (DES) is a state agency that merged all, or portions of, the following departments: General Administration, Printing, Personnel, Information Services, and the Office of Financial Management (OFM). In creating DES, the Legislature intended to maximize the benefits to the public by providing a central agency for the efficient and cost-effective management of resources necessary to deliver products and services to government and state residents. DES provides basic services such as printing, mail, purchasing, and contracts. Human resources services – payroll, training, recruitment, small agency, and employee assistance – are now part of DES. Some functions of the OFM also transferred to DES, including contracts and statewide vendor, risk management, and small agency client services.

DES may enter into agreements with any other governmental entity or a public benefit nonprofit organization to furnish products and services as deemed appropriate by both parties. The agreement must provide for the reimbursement to DES of the reasonable cost of the products and services furnished. All governmental entities of this state may enter into such agreements, unless otherwise prohibited. DES, in consultation with OFM, must establish a contract monitoring process to measure contract performance, costs, service delivery quality, and other standards, and to cancel contracts that do not meet those standards. No contracts may be renewed without a review of these measures.

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

OFM must conduct a review of the programs and services performed by DES to determine whether it may be performed by the private sector in a more cost-efficient and effective manner than by DES. OFM must prepare a biennial report summarizing the results of the examination of DES' programs and services, and legislative fiscal committees must hold a public hearing on the report during the regular session in odd-numbered years. The Joint Legislative Audit and Review Committee (JLARC) must conduct an audit of OFM's review and report to the Legislature by January 1, 2018, on the results of the audit. JLARC's report must include an estimate of additional costs or savings to taxpayers as a result of the contracting out of provisions.

Summary of Bill: Within amounts appropriated, DES must develop a suite of Lean training modules for employees, middle managers, supervisors, and leaders designed to build the fundamental knowledge and applied skills for contribution to a Lean culture in government. The purpose is to achieve measurable improvement results throughout Washington's governmental agencies. DES must complete the development of training modules by June 30, 2016. DES may charge a small training fee for the training curriculum to be used only for the ongoing development and updating of curricula and for training scholarships to be made available to state agencies with limited resources.

Small Agency Pilot Program. DES must also develop a pilot program for a cohort of up to eight small state agencies to build and advance Lean culture for the purpose of achieving measurable improvement results within the participating agencies. When selecting the agencies for this pilot program, DES must consider the training needs, agency interest and readiness, and the impact and value to Washingtonians. The pilot program must be commenced by August 1, 2015, and complete by October 31, 2017.

Mid and Large Agency Pilot Program. DES must commence a pilot program for mid and large agencies which may be for a specific agency program. The pilot program is for the purpose of promoting Lean culture and achieving measurable improvement results. DES must consult with Results Washington when selecting the agency or program for this pilot. The pilot program must be commenced by August 1, 2015, to be completed by October 31, 2017. The pilot program must advance the agency's daily practice and use of Lean culture processes; achieve substantial and measurable improvement results within one or more agency programs that have a direct impact on Washingtonians; and produce a case study and roadmap for accelerating the implementation of Lean culture throughout additional state agencies. Measurable improvements can include, but are not limited to, cost reductions, cost avoidance, improved safety, decreased time, increased quality, accuracy, effectiveness, improved customer satisfaction, and enhanced employee engagement and satisfaction.

DES must conduct a pre-pilot and post-pilot assessment of each participating agency using performance metrics in the domains of leadership, workforce, management systems, planning, customer focus, process management, and measurable improvement results. DES must submit reports to the Governor and Legislature, including a brief progress report on the implementation of the pilot programs, and also a final report describing the results and recommended strategies for accelerating the implementation of Lean culture throughout additional state agencies.

Appropriation: To be determined.

Fiscal Note: Requested on February 16, 2015.

Committee/Commission/Task Force Created: No.

Effective Date: Contingent upon appropriation. If funding is not appropriated by June 30, 2015, the law is null and void.

Staff Summary of Public Testimony: PRO: DES already provides services for Lean training. This is an opportunity to infuse Lean training throughout agencies in a phased way for agencies that may not currently be able to afford training. The bill will implement Lean training in two pilot programs, one for small agencies and another for mid and large agencies.

OTHER: DES is expanding our Lean program to provide Lean training, coaching, and facilitation services with other state agencies. Shifting government culture is a long-term effort to change thinking and human behavior. It starts with educating leaders, managers, supervisors, and employees in a new way of working. Results Washington is an essential partner. Curriculum is being developed and training is already offered. The first pilot agency is the Liquor Control Board. In one year, using training and coaching strategies, they have had a significant shift in culture. They have advanced leader and employee skills, and have widely implemented daily Lean practices with expanded team problemsolving.

Persons Testifying: PRO: Senator Jayapal, prime sponsor.

OTHER: Renee Smith Nyberg, DES; Wendy Korthuis-Smith, Results WA.