

HOUSE BILL REPORT

HB 2328

As Passed House:

April 13, 2009

Title: An act relating to reducing the administrative cost of state government.

Brief Description: Reducing the administrative cost of state government.

Sponsors: Representatives Linville and Ericks; by request of Office of Financial Management.

Brief History:

Committee Activity:

Ways & Means: 4/4/09 [DP].

Floor Activity

Passed House: 4/13/09, 98-0.

Brief Summary of Bill

- Provides additional exceptions to 2009 Engrossed Substitute Senate Bill 5460, relating to reducing the administrative cost of state government.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 20 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Staff: David Pringle (786-7310)

Background:

The programs and functions of state government are administered by numerous state agencies and institutions, the costs of which are appropriated by the Legislature. These administrative costs include expenditures for salaries, wages, equipment, personal services contracts, and state employee travel and training. The salaries and wages of state employees in positions that are classified under the State Civil Service Act are subject to collective

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bargaining agreements. The salaries and wages of other non-elected employees are determined by their employing agency, the Governor, or the Department of Personnel.

In September and November 2008, the State Economic and Revenue Forecast Council reported sharp deteriorations in economic conditions in both the nation and the state, resulting in significant downturns in state revenue collections. In August 2008, the Governor requested that state agencies reduce administrative expenses by freezing the hiring of new employees, non-emergency out-of-state travel, discretionary purchases of new equipment, and the signing of non-emergency personal services contracts, with some exceptions.

In February 2009, the Legislature enacted Engrossed Substitute Senate Bill (ESSB) 5460, relating to reducing the administrative cost of state government for the 2007-09 and 2009-11 fiscal biennia. Among the measures taken to reduce legislative, executive, and judicial branches costs were:

- restricting state agencies from establishing new positions or filling vacancies through July 1, 2009;
- restricting state agencies from entering into personal services contracts not related to emergencies requiring government action to protect public safety through July 1, 2009;
- restricting state agencies' equipment purchases over \$5,000 not related to emergencies requiring government action to protect public safety through July 1, 2009; and
- restricting state agencies' travel and training expenditures through July 1, 2009.

Various exceptions were provided for each of the restrictions in ESSB 5460.

Summary of Bill:

The following exceptions are added to the restrictions on legislative, executive, and judicial branch state agency activities restricted by ESSB 5460 effective through July 1, 2009:

- Restrictions on state agencies' establishment of new positions or filling vacancies through July 1, 2009, do not apply to positions that are filled by enrolled students at higher education institutions as student workers, positions in campus police and security, positions related to emergency management and response, and positions related to student health care and counseling.
- Restrictions on state agencies from entering into personal services contracts not related to emergencies requiring government action to protect public safety through July 1, 2009, do not apply to contracts related to hearing officers related to real estate appraisals or habitat assessments, carrying out court orders, or contracts related to information technology contracts for Information Services Board-approved projects, or contracts related to Judicial Information systems projects.
- Restrictions on state agencies' equipment purchases over \$5,000 not related to emergencies requiring government action to protect public safety through July 1, 2009, do not apply to equipment purchases that are funded exclusively from private or federal grants or for equipment necessary to complete a project funded in the capital or transportation budgets, or the operational divisions of the Department of Information Services, or related to the maintenance of existing

computer software and hardware, or for costs related to the Judicial Information System.

- Restrictions on state agencies' travel and training expenditures through July 1, 2009, do not apply to costs related to carrying out a court order, or to travel by air into Washington from any airport located in a contiguous state of which the largest city is part of a metropolitan statistical area with a city located in Washington, or to motor vehicle and parking costs for single day travel to a contiguous state or British Columbia, Canada.

The requirement that where exceptions to the various restrictions are granted by the Director of the Office of Financial Management are delayed in taking effect until no sooner than five business days following notification of the Chairs and Ranking Minority Members of the Ways and Means Committees of the House of Representatives and the Senate is removed.

Notwithstanding the restrictions of ESSB 5460, institutions of higher education may grant wage or salary increases to critical academic personnel as needed for retention purposes, or for additional academic responsibilities during the summer quarter.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) We have two months experience with the exceptions process, and while we hope that the freeze continues, these exceptions will make the process work better. We don't want to provide blanket exceptions, but rather would prefer to have the Legislature weigh in and perhaps make changes. The exception process is limited to critically necessary work of the agency, and we are concerned that this doesn't really apply to groups like student workers. The information technology (IT) exceptions for contracts and services are important to maintain the state's IT backbone, and vendors are offering many excellent terms right now, as business has slowed. On the travel restrictions, we think that the single day trips are a good idea – the other exception is about travel through the Portland airport, which can be a cost-effective choice in some circumstances. It is also a good idea to lift the salary increase restrictions in certain circumstances in higher education.

(Opposed) None.

Persons Testifying: Julie Murray, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: None.