

SENATE BILL REPORT

EHB 2969

As of March 16, 2010

Title: An act relating to promoting efficiencies in the services provided by the office of the public printer.

Brief Description: Promoting efficiencies in the services provided by the office of the public printer.

Sponsors: Representative Hudgins.

Brief History: Passed House: 2/26/10, 60-36; 3/16/10, 59-34.

Committee Activity: Ways & Means: 3/08/10 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jenny Greenlee (786-7711)

Background: Public Printer. The Public Printer, also known as the Department of Printing (Department), was established by law in 1854. Statute requires the Public Printer to provide all printing and binding for the Legislature and state agencies, with certain exceptions. In cases where the Public Printer finds that a print job may be done more economically by a private vendor, the Public Printer may subcontract a printing job to a private vendor. With certain exceptions, the Public Printer may apply a 5 percent markup to such print jobs. Current law requires the Public Printer to charge the actual cost for print jobs. However, prices for print jobs may not exceed the prices listed in the Franklin Pricing Guide.

Employees. Employees of the Public Printer are not covered by the state civil service law. Three bargaining units of printing craft employees and the Public Printer have entered into collective bargaining agreements.

Print Management. State agencies have two options for meeting office printing needs: (1) print management; or (2) leasing and/or purchasing office print devices. The Department brokers print management contracts with private vendors, while the Department of General Administration (GA) brokers private vendor contracts relating to the lease or purchase of office print equipment. There are important differences between print management contracts and contracts to lease or purchase. Under contracts to lease or purchase, agencies must pay for all maintenance and supplies, in addition to the costs associated with a lease or purchase. In contrast, under a print management contract, the agency pays a set monthly fee for service

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from a private vendor. The monthly fee is associated with a monthly minimum number of copies an agency expects to make. The agency does not pay for costs associated with supplies (other than paper), installation, maintenance, or replacement. Print management contracts are typically associated with fewer copy devices than the GA contracts, default duplex printing, and software that helps users choose more economical print options.

Envelope Standardization. To meet the needs of state agencies, the Department manufactures 75 types of envelopes. According to the Department, the great number of envelope types reduces efficiency and increases costs. The Department could lower its costs and generate savings for state agencies if agencies ordered fewer envelope types.

For example, a colored envelope costs more than a white envelope. If all envelopes ordered by state agencies were white, overall costs would be lower per envelope. In such a case, fewer envelope types would reduce total envelope costs for agencies.

Summary of Bill: Transfer to the Department of Information Services (DIS). The duties, powers, and functions of the Public Printer are transferred to DIS. DIS must use the State Printing Plant to perform public printing functions. Any appropriations made to the Public Printer must be transferred and credited to DIS. All records, materials, equipment, and other tangible property used by the Public Printer will be delivered to DIS. Statutory references to the Public Printer are changed to DIS.

Funds in the Printing Plant Revolving Fund are transferred to the newly created Public Printing Account in the custody of the State Treasurer.

Employees. Employees of the Public Printer are also transferred to DIS. The transferred employees are not covered by the state civil service law. The Public Employees' Collective Bargaining Act governs collective bargaining between DIS and the printing craft employees. However, DIS must be represented by the Governor. The existing bargaining units are considered appropriate units. The recognized exclusive bargaining representatives continue as the representatives. The current collective bargaining agreements remain in effect until they expire.

Print Jobs. When a state agency orders a printing or binding job from DIS, DIS must advise the agency on how to choose a more economic or efficient option to reduce costs.

DIS may not charge a price for printing, ruling, binding, and other work or supplies provided by the State Printing Plant that exceeds the price listed in the Franklin Printing Catalogue. DIS is not required to use 100 percent recycled paper for print jobs that require the use of high volume production inserters or high-speed digital devices.

Print Management. State agencies with more than 1,000 full-time equivalent (FTE) staff that have a copier and multifunctional device contract that is set to expire on or before December 31, 2010, may either: (1) renew the copier and multifunctional contract; or (2) enter a print management contract. Beginning January 1, 2011, state agencies with more than 1,000 FTE staff must use print management services beginning January 1, 2011, after existing copier and multifunctional contracts terminate or expire. DIS is charged with brokering print management contracts for state agencies with more than 1,000 FTE staff. Each agency

transitioning from a copier and multifunctional device contract to a print management contract should find that the print management contract results in savings as compared to the prior copier and multifunctional device contract. If any agency has more FTEs than it had when it entered into its most recently completed print management contract, the cost of the new print management contract may exceed the cost of the most recently completed print management contract. The Director of the Office of Financial Management (OFM) may exempt a state agency from these print management requirements if the Director finds its compliance to be unfeasible or if DIS and the agency could not reasonably reach an agreement regarding print management. The Information Services Board may develop standards for printer services and office printers.

Envelope Standardization. DIS must consult with OFM and state agencies to more efficiently manage the use of envelopes by standardizing them, to the extent feasible given the business needs of state agencies. All state agencies with more than 1,000 FTE staff must cooperate with DIS in efforts to standardize envelopes. If an agency is updating a mailing, the agency must transition to an envelope recommended by DIS, unless OFM considers the change unfeasible. State agencies with 1,000 FTE staff or less are encouraged to cooperate with DIS to standardize envelopes.

Report to the Legislature. By December 1, 2010, DIS must report to the Legislature on: (1) progress in implementing print management contracts, including analysis of savings and potential future savings; (2) progress in standardizing envelopes, including reductions in the type of envelopes uses and analysis of the savings and potential future savings; and (3) an updated strategic plan for the duties and functions performed by the Public Printer prior to July 1, 2010.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2010, except for section 26, relating to state civil service law, which takes effect July 1, 2011.

Staff Summary of Public Testimony on Engrossed House Bill: PRO: This bill started as a small efficiencies bill, which narrowed the number of envelope choices and encouraged print management. When the Department of Ecology moved to print management, they saved \$250,000 a year. The bill originally included removal of the 5 percent markup. As the House investigated, they learned that it isn't really feasible to eliminate the markup. The costs of the State Printer are relatively fixed and couldn't be covered if the markup is removed. Private sector printers often add a 10 to 15 percent markup. There was a bill in the House that moved the Printer to DIS and that was added to this bill. Merger of the public printer and DIS will serve the state well. The Printer operates much like a private printer and is very efficient. Print management will save the state significant funds.

CON: The print management portion is focused on understanding the costs for photocopying in the state. This bill doesn't get at the real costs in state printing. Elimination of the Printer

would be a better option. The state should take the leap of faith to trust the private sector to do the job. The State Printer competes with other local businesses because of the ability to contract with local governments.

Persons Testifying: PRO: Representative Hudgins, prime sponsor; Brian Earl, Graphic Communications Local 767M; Gail Love, Communication Workers of America State Council; Jim King, Independent Business Association; Kathleen Drew, Governor's Policy Office.

CON: Bill Stauffacher, Pacific Printing and Imaging Association.