

# HOUSE BILL REPORT

## EHB 2969

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**As Passed House:**  
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:**

**Committee Activity:**

General Government Appropriations: 1/28/10, 2/5/10 [DP].

**Floor Activity:**

Passed House: 2/26/10, 60-36.

**First Special Session**

**Floor Activity:**

Passed House: 3/16/10, 59-34.

**Brief Summary of Engrossed Bill**

- Transfers the functions and employees of the Public Printer to the Department of Information Services (DIS).
- Requires large state agencies to use print management contracts for printing needs beginning January 1, 2011, after existing copier and multifunctional device contracts terminate or expire.
- Requires large state agencies to transition to an envelope recommended by the DIS when updating a mailing, unless the change in envelope is not feasible.
- Provides for collective bargaining between the DIS and printing craft employees under the Public Employees' Collective Bargaining Act.

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### HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

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*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.*

**Majority Report:** Do pass. Signed by 13 members: Representatives Darneille, Chair; Takko, Vice Chair; McCune, Ranking Minority Member; Blake, Dunshee, Hudgins, Kenney, Klippert, Pedersen, Sells, Short, Van De Wege and Williams.

**Staff:** Sara del Moral (786-7118).

### **Background:**

#### Public Printer.

The Public Printer, also known as the Department of Printing, 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 of Printing (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 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 Engrossed Bill:**

#### Transfer to the Department of Information Services.

The duties, powers, and functions of the Public Printer are transferred to the Department of Information Services (DIS). The 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 the DIS. All records, materials, equipment, and other tangible property used by the Public Printer will be delivered to the DIS. Statutory references to the Public Printer are changed to the 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 the DIS. The transferred employees are not covered by the state civil service law. The Public Employees' Collective Bargaining Act governs collective bargaining between the DIS and the printing craft employees. However, the 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 the DIS, the DIS must advise the agency on how to choose a more economic or efficient option to reduce costs.

The 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.

The 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.

The Department of Information Services (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 the 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.

The DIS must consult with the 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 the DIS in efforts to standardize envelopes. If an agency is updating a mailing, the agency must transition to an envelope recommended by the DIS, unless the OFM considers the change unfeasible. State agencies with 1,000 FTE staff or less are encouraged to cooperate with the DIS to standardize envelopes.

#### Report to the Legislature.

By December 1, 2010, the 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 used 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.

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

**Staff Summary of Public Testimony:**

(In support) This bill is the result of discussions with the Department and the GA. This bill can help state government run better. Envelopes standardization makes sense. Having fewer types of envelopes would increase efficiency across state government. Print management has been around for a while. The Department did a pilot project at the Department of Ecology (DOE) and the DOE saved \$250,000. When you find something that works in a state agency, you should use it in other agencies, too. Regarding the 5 percent markup, a lot of agencies don't see the value they get for it. The potential for \$6 million in savings across state government is something worth exploring more.

(In support with concerns) Increasing efficiencies and lowering costs is a good thing. However, workers at the Department may lose some work. Efficiencies will be lost if there are no constraints on farming out print jobs. Contracting out work would not help the local community. However, the Department should be able to cover overhead when it contracts out for jobs. Eliminating the markup means the overhead on farmed-out jobs will be supported by in-house jobs. The markup is for print jobs, not for print management. Eliminating the markup means the Department cannot recover overhead costs when it subcontracts for jobs. Subcontracting for print jobs requires specialized knowledge and staff time. Five percent is a bargain, and it helps the Department with the additional expenses for subcontracting out. The Department also works with agencies to determine how to lower prices for print jobs, by choosing more economic options.

(Opposed) This bill may not be the best way to increase efficiencies. Private businesses do the same thing, without a markup. It is hard to analyze whether the savings in this bill are real. Locally owned businesses have been doing the GA office printing contracts for decades. Local businesses save the state money. The GA already manages office printing contracts. Under GA contracts for office printing, staff doesn't walk long distances to pick up copies. Printers are the largest small business manufacturing sector in Washington, with a high wage union workforce. Many printers have a relationship with the Department. When local governments go to the Department, they impact local printers who do not get the job. The Department should have to compete with private printers. Some agencies want to go to private printers.

**Persons Testifying:** (In support) Representative Hudgins, prime sponsor.

(In support with concerns) Owen Linch, Teamsters Joint Council #28.

(Opposed) Jim King, Independent Business Association; Dean Hartman, Capital Business Machines; Dan Swisher, Department of Printing; and Bill Stauffacher, Pacific Printing and Imaging Association.

**Persons Signed In To Testify But Not Testifying:**