
SENATE BILL 6432

State of Washington

53rd Legislature

1994 Regular Session

By Senators Quigley, Cantu, Snyder, Haugen, Oke and Ludwig; by request of Commission on Efficiency and Accountability in State Government

Read first time 01/21/94. Referred to Committee on Ways & Means.

1 AN ACT Relating to a pilot project within the department of
2 corrections and the department of information services to reduce
3 financial and operational barriers to efficient service delivery;
4 amending RCW 39.04.220, 39.29.040, 41.04.340, 41.06.380, 43.01.090,
5 43.19.715, 43.19.720, 43.78.030, 43.78.100, 43.82.010, 43.88.150,
6 43.88.180, 43.105.041, 43.105.052, and 72.09.100; reenacting and
7 amending RCW 43.19.190, 43.88.030, 43.88.110, and 43.88.160; adding new
8 sections to chapter 41.06 RCW; creating new sections; providing an
9 effective date; and providing an expiration date.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** (1) The legislature finds that efficient,
12 cost-effective delivery of quality services are essential as the state
13 is faced with increasing revenue and expenditure constraints. It is,
14 therefore, prudent for the state to determine whether or not greater
15 budget and operational flexibility for agencies will result in better
16 service delivery, and to provide agencies with a range of management
17 tools to meet the challenges of the future.

18 (2) The commission on efficiency and accountability in state
19 government, referred to in sections 1 through 6 of this act as the

1 efficiency commission, has identified certain financial and operational
2 requirements for state agencies that may be excessive and overly
3 complex, inhibit sound budgetary and management practices, reduce risk-
4 taking, innovation, and initiative in program management, and result in
5 unnecessary barriers to providing cost-effective and quality service to
6 our citizens. The efficiency commission has determined that the state
7 should test whether or not agencies that operate without these
8 requirements can provide services more efficiently and at less cost.

9 (3) It is, therefore, the purpose of this act to initiate a pilot
10 project that will provide the legislature and the governor with
11 sufficient information to evaluate the effectiveness of a variety of
12 waivers and incentives that provide agencies with greater freedom to
13 innovate. The goal of the project is an effective, efficient, quality-
14 driven state government within which agencies have incentives and
15 flexibility to continually improve service delivery.

16 (4) This act shall be known as the Blueprint for Change.

17 NEW SECTION. **Sec. 2.** (1) A three-year pilot project designed to
18 evaluate the effects of waiving certain financial and administrative
19 requirements for agencies and providing financial incentives to achieve
20 improved service delivery and efficiency savings is established. The
21 pilot project applies to the department of corrections and the
22 department of information services.

23 (2) The pilot agencies, in collaboration with the efficiency
24 commission, shall develop procedures to implement the pilot project.

25 (3) The pilot agencies, in collaboration with the efficiency
26 commission and the office of financial management, shall develop
27 reporting mechanisms to evaluate the effects of waivers and incentives.

28 (4) The pilot agencies shall report on the status of the project to
29 the efficiency commission and the office of financial management on a
30 quarterly basis for the period of the pilot project, unless otherwise
31 determined by the efficiency commission, the office of financial
32 management, and the pilot agencies.

33 (5) The agencies participating in the pilot project shall develop
34 outcome-based performance measures for programs and internal operations
35 affected by the incentives and waivers.

36 NEW SECTION. **Sec. 3.** (1) To carry out the pilot projects provided
37 for in section 2 of this act, pilot agencies may institute, from July

1 1, 1994, to July 1, 1997, any or all of the following incentives and
2 waivers:

3 (a) Pilot agencies may be exempt from:

4 (i) Allotment plan requirements under RCW 43.88.110, in those cases
5 where the pilot agency can document that appropriate fiscal controls
6 are in place;

7 (ii) Developing budgets at the object and subobject level under RCW
8 43.88.030 upon concurrence of the efficiency commission and the
9 director of financial management that performance-based measures are
10 adequate to identify and monitor agency performance and that the
11 necessary agency internal controls are in place;

12 (iii) Full-time equivalent (FTE) and position/classification
13 controls in the budget and by the office of financial management under
14 RCW 43.88.160;

15 (iv) Limitations on purchasing services by contract, as specified
16 in RCW 41.06.380, in those cases where the pilot agency can document
17 that it can achieve cost savings, efficiencies, or improved performance
18 and service delivery;

19 (v) Limitations on entering into personal service contracts, as
20 specified in chapter 39.29 RCW, if the agency can document that
21 appropriate management and fiscal controls over the contracts are in
22 place and competitive procurement practices are followed;

23 (vi) State-wide requirements for purchasing, material control, and
24 central stores under chapter 43.19 RCW;

25 (vii) State-wide requirements for acquisition of real estate under
26 RCW 43.82.010 and for payment of real estate services under RCW
27 43.01.090;

28 (viii) Requirements for purchasing information services and
29 products under chapter 43.105 RCW in those cases where the pilot agency
30 can document that services and products can be obtained in a more
31 timely or efficient manner, or at a lower price, and that adequate
32 management controls are in place;

33 (ix) Provisions of civil service statutes and rules applicable to
34 other state employees;

35 (x) RCW 43.19.710, 43.19.715, and 43.19.720 that require agencies
36 to participate in the consolidated mail services;

37 (xi) Requirements for purchasing services from the state printer in
38 RCW 43.78.030 and 43.78.100.

1 (b) A pilot agency may retain, beyond the fiscal biennium, up to
2 fifty percent of savings resulting from operating efficiencies that are
3 documented by the agency and verified by the director of financial
4 management. A pilot agency shall deposit the savings in the efficiency
5 incentive account, hereby established as a nonappropriated account in
6 the custody of the state treasurer to be used by the agency during the
7 project period solely for continued productivity or service delivery
8 improvements.

9 (c) To improve operating efficiency and reduce the use of sick
10 leave, overtime, and callback, a pilot agency may provide an incentive
11 of twenty-five percent of the sick leave accrued and not used to
12 employees whose sick leave usage for a fiscal year is no more sixteen
13 hours. Incentives may be in the form of a bonus payment or the
14 employee may convert the sick leave to use for planned annual leave, at
15 the discretion of the agency director.

16 (d) The department of information services may make available
17 information services to tribal organizations and the federal
18 government.

19 (e) The department of information services may enter into strategic
20 partnerships with nongovernmental organizations to advance the state's
21 economic development, improve delivery of technology services and
22 infrastructure, leverage public investments, and ensure success of
23 state information technology application development projects, if
24 competitive procurement practices are followed.

25 (f) The department of information services may be exempt from the
26 agency rate plan provisions of RCW 43.105.052(3) if the department and
27 the office of financial management mutually agree to any rate changes.

28 (g) Correctional industries of the department of corrections may
29 expand its instate products and services to the private sector in areas
30 not currently provided by Washington-based businesses.

31 (h) The department of corrections may continue expedited prison
32 construction.

33 (2) During the pilot project the director of financial management
34 may exempt a pilot agency from office of financial management policies
35 and procedures as determined necessary for the successful
36 implementation of the project.

37 (3) Documentation required of a pilot agency must be available upon
38 request by the legislature, the director of financial management, or
39 the efficiency commission. The director of financial management may

1 establish conditions and requirements on pilot agency waivers and
2 incentives to ensure responsible financial management.

3 NEW SECTION. **Sec. 4.** (1) The director of financial management
4 shall cause to be conducted a study of the costs and benefits of the
5 waivers and incentives used by the pilot agencies. The study shall
6 include, but not be limited to: (a) An assessment of the impact of the
7 incentives and waivers impact on efficiency, quality, and economy of
8 services provided by the pilot agencies; and (b) an analysis and
9 recommendations for continuing, expanding, or terminating the
10 incentives and waivers.

11 (2) The director of financial management shall report the results
12 of the study to the governor and the legislature no later than December
13 1, 1997.

14 NEW SECTION. **Sec. 5.** The efficiency commission may review
15 organizational and personal incentive programs and activities in
16 Washington state, including but not limited to agency-based programs,
17 the teamwork incentive program, and the brainstorm program and evaluate
18 the methods and programs for providing incentives in other states and
19 in the private sector. The commission shall report its findings to the
20 governor and the legislature by November 1, 1994.

21 NEW SECTION. **Sec. 6.** The efficiency commission shall evaluate
22 requests by pilot agencies for additional modifications to legislative
23 and administrative requirements or incentive systems identified during
24 the pilot period, and the commission may make recommendations to the
25 legislature for further modifications as deemed appropriate.

26 **Sec. 7.** RCW 39.04.220 and 1991 c 130 s 2 are each amended to read
27 as follows:

28 As provided for in sections 1, 2, and 3 of this act:

29 (1) In addition to currently authorized methods of public works
30 contracting, and in lieu of the requirements of RCW 39.04.010 and
31 39.04.020 through 39.04.060, capital projects funded for over ((ten))
32 three million dollars ((appropriated and)) authorized by the
33 legislature for the department of corrections ((in the 1989-91 biennium
34 at the McNeil Island corrections center, the Clallam Bay corrections
35 center, the construction of new correctional facilities under the

1 authority of the secretary of corrections including drug camps; work
2 camps; a new medium security prison and such other correctional)) to
3 construct or repair facilities as may be authorized by the legislature
4 ((during the biennium ending June 30, 1993,)) may be accomplished under
5 contract using the ((general contractor/construction manager))
6 construction manager/general contractor method described in this
7 section. For the purposes of this section, "((general
8 contractor/construction manager)) construction manager/general
9 contractor" means a firm with which the department of general
10 administration with the concurrence of the department of corrections
11 has selected and negotiated a maximum allowable construction cost to be
12 guaranteed by the firm, after competitive selection through a formal
13 advertisement, and competitive bids to provide services that may
14 include life-cycle cost design considerations, value engineering,
15 scheduling, cost estimating, constructability, alternative construction
16 options for cost savings, and sequencing of work, and to act as the
17 construction manager and general contractor during the construction
18 phase. ((The department of general administration shall establish an
19 independent oversight advisory committee with representatives of
20 interest groups with an interest in this subject area, the department
21 of corrections, and the private sector, to review selection and
22 contracting procedures. The general contractor/construction manager
23 method is limited to contracts signed before July 1, 1996.))

24 (2) Contracts for the services of a ((general contractor/
25 construction manager)) construction manager/general contractor awarded
26 under the authority of this section shall be awarded through a
27 competitive process requiring the public solicitation of proposals for
28 ((general contractor/construction manager)) construction manager/
29 general contractor services. Minority and women enterprise total
30 project goals shall be specified in the bid instructions to the
31 ((general contractor/construction manager)) construction manager/
32 general contractor finalists. The director of general administration
33 with the concurrence of the department of corrections is authorized to
34 include an incentive clause in any contract awarded under this section
35 for savings of either time or cost or both from that originally
36 negotiated. No incentives granted shall exceed five percent of the
37 maximum allowable construction cost. The director of general
38 administration or his or her designee with the concurrence of the
39 department of corrections shall establish a committee to evaluate the

1 proposals considering such factors as ability of professional
2 personnel; past performance in negotiated and complex projects; ability
3 to meet time and budget requirements; location; recent, current, and
4 projected work loads of the firm; and the concept of their proposal.
5 After the committee has selected the most qualified finalists, these
6 finalists shall submit sealed bids for the percent fee, which is the
7 percentage amount to be earned by the ((~~general contractor/construction~~
8 ~~manager~~)) construction manager/general contractor as overhead and
9 profit, on the estimated maximum allowable construction cost and the
10 fixed amount for the detailed specified general conditions work. The
11 maximum allowable construction cost may be negotiated between the
12 department of general administration with the concurrence of the
13 department of corrections and the selected firm after the scope of the
14 project is adequately determined to establish a guaranteed contract
15 cost for which the ((~~general contractor/construction manager~~))
16 construction manager/general contractor will provide a performance and
17 payment bond. The guaranteed contract cost includes the fixed amount
18 for the detailed specified general conditions work, the negotiated
19 maximum allowable construction cost, the percent fee on the negotiated
20 maximum allowable construction cost, and sales tax. If the department
21 of general administration with the concurrence of the department of
22 corrections is unable to negotiate a satisfactory maximum allowable
23 construction cost with the firm selected that the department of general
24 administration with the concurrence of the department of corrections
25 determines to be fair, reasonable, and within the available funds,
26 negotiations with that firm shall be formally terminated and the
27 department of general administration with the concurrence of the
28 department of corrections shall negotiate with the next low bidder and
29 continue until an agreement is reached or the process is terminated.
30 If the maximum allowable construction cost varies more than fifteen
31 percent from the bid estimated maximum allowable construction cost due
32 to requested and approved changes in the scope by the state, the
33 percent fee shall be renegotiated. All subcontract work shall be
34 competitively bid with public bid openings. Specific goals for women
35 and minority enterprises shall be specified ((~~in each subcontract bid~~
36 ~~package that responsive bidders will have to~~)) for the construction
37 manager/general contractor firm that it shall meet or exceed. All
38 subcontractors or construction managers/general contractors who bid
39 work over one hundred thousand dollars shall post a bid bond, and the

1 awarded subcontractor shall provide a performance and payment bond for
2 their contract amount if required by the (~~general contractor/
3 construction manager~~) construction manager/general contractor firm.
4 The bidding of subcontract work by the (~~general contractor/
5 construction manager~~) construction manager/general contractor or its
6 subsidiaries is prohibited but it may negotiate with the low-responsive
7 bidder in accordance with RCW 39.04.015 or rebid if authorized by the
8 director of general administration with the concurrence of the
9 department of corrections. In the event no bids are received, the bids
10 received are over the state's budget amount, or the subcontractor fails
11 to perform, the construction manager/general contractor shall self-
12 perform the work.

13 (3) If the project is completed for less than the agreed upon
14 maximum allowable construction cost, any savings not otherwise
15 negotiated as part of an incentive clause shall accrue to the state.
16 If the project is completed for more than the agreed upon maximum
17 allowable construction cost, excepting increases due to any contract
18 change orders approved by the state, the additional cost shall be the
19 responsibility of the (~~general contractor/construction manager~~)
20 construction manager/general contractor.

21 (4) The powers and authority conferred by this section shall be
22 construed as in addition and supplemental to powers or authority
23 conferred by any other law, and nothing contained herein shall be
24 construed as limiting any other powers or authority of the department
25 of general administration with the concurrence of the department of
26 corrections.

27 **Sec. 8.** RCW 39.29.040 and 1987 c 414 s 7 are each amended to read
28 as follows:

29 This chapter does not apply to:

30 (1) Contracts specifying a fee of less than two thousand five
31 hundred dollars if the total of the contracts from that agency with the
32 contractor within a fiscal year does not exceed two thousand five
33 hundred dollars;

34 (2) Contracts awarded to companies that furnish a service where the
35 tariff is established by the utilities and transportation commission or
36 other public entity;

1 (3) Intergovernmental agreements awarded to any governmental
2 entity, whether federal, state, or local and any department, division,
3 or subdivision thereof;

4 (4) Contracts awarded for services to be performed for a standard
5 fee, when the standard fee is established by the contracting agency or
6 any other governmental entity and a like contract is available to all
7 qualified applicants;

8 (5) Contracts for services that are necessary to the conduct of
9 collaborative research if prior approval is granted by the funding
10 source;

11 (6) Contracts for client services;

12 (7) Contracts for architectural and engineering services as defined
13 in RCW 39.80.020, which shall be entered into under chapter 39.80 RCW;
14 ((and))

15 (8) Contracts for the employment of expert witnesses for the
16 purposes of litigation, except that such contracts shall be filed
17 within the same time period as emergency contracts; and

18 (9) Contracts entered into by the department of corrections and the
19 department of information services to the extent that these agencies
20 may be exempt from this chapter under sections 1, 2, and 3 of this act,
21 if competitive procurement practices are followed.

22 **Sec. 9.** RCW 41.04.340 and 1993 c 281 s 17 are each amended to read
23 as follows:

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

34 (2) In January of the year following any year in which a minimum of
35 sixty days of sick leave is accrued, and each January thereafter, any
36 eligible employee may receive remuneration for unused sick leave
37 accumulated in the previous year at a rate equal to one day's monetary
38 compensation of the employee for each four full days of accrued sick

1 leave in excess of sixty days. Sick leave for which compensation has
2 been received shall be deducted from accrued sick leave at the rate of
3 four days for every one day's monetary compensation.

4 (3) As provided for in sections 1, 2, and 3 of this act, the
5 department of corrections and the department of information services
6 may provide an additional incentive of twenty-five percent of the sick
7 leave accrued and not used to employees whose sick leave usage for a
8 fiscal year is no more than sixteen hours. Incentives may be in the
9 form of a bonus payment or the employee may convert the sick leave to
10 use for planned annual leave and are at the discretion of the director.

11 (4) At the time of separation from state service due to retirement
12 or death, an eligible employee or the employee's estate may elect to
13 receive remuneration at a rate equal to one day's current monetary
14 compensation of the employee for each four full days of accrued sick
15 leave.

16 ~~((+4))~~ (5) Pursuant to this subsection, in lieu of cash
17 remuneration the state may, with equivalent funds, provide eligible
18 employees with a benefit plan providing for reimbursement of medical
19 expenses. The committee for deferred compensation shall develop any
20 benefit plan established under this subsection, but may offer and
21 administer the plan only if (a) each eligible employee has the option
22 of whether to receive cash remuneration or to have his or her employer
23 transfer equivalent funds to the plan; and (b) the committee has
24 received an opinion from the United States internal revenue service
25 stating that participating employees, prior to the time of receiving
26 reimbursement for expenses, will incur no United States income tax
27 liability on the amount of the equivalent funds transferred to the
28 plan.

29 ~~((+5))~~ (6) Remuneration or benefits received under this section
30 shall not be included for the purpose of computing a retirement
31 allowance under any public retirement system in this state.

32 ~~((+6))~~ (7) With the exception of subsection ~~((+4))~~ (5) of this
33 section, this section shall be administered, and rules shall be adopted
34 to carry out its purposes, by the Washington personnel resources board
35 for persons subject to chapter 41.06 RCW: PROVIDED, That determination
36 of classes of eligible employees shall be subject to approval by the
37 office of financial management.

38 ~~((+7))~~ (8) Should the legislature revoke any remuneration or
39 benefits granted under this section, no affected employee shall be

1 entitled thereafter to receive such benefits as a matter of contractual
2 right.

3 **Sec. 10.** RCW 41.06.380 and 1979 ex.s. c 46 s 2 are each amended to
4 read as follows:

5 Nothing contained in this chapter shall prohibit any department, as
6 defined in RCW 41.06.020, from purchasing services by contract with
7 individuals or business entities if such services were regularly
8 purchased by valid contract by such department prior to April 23, 1979:
9 PROVIDED, That no such contract may be executed or renewed if it would
10 have the effect of terminating classified employees or classified
11 employee positions existing at the time of the execution or renewal of
12 the contract. The limitations on contracts for services contained in
13 this section do not apply to contracts entered into by the department
14 of corrections or the department of information services to the extent
15 that these agencies may be exempt from these requirements under
16 sections 1, 2, and 3 of this act.

17 NEW SECTION. **Sec. 11.** A new section is added to chapter 41.06 RCW
18 to read as follows:

19 (1) As provided for in sections 1, 2, and 3 of this act, and based
20 on policies established in consultation with their joint employee-
21 management committees created by RCW 41.06.540, the department of
22 corrections and the department of information services may purchase
23 services by contract with individuals, businesses, or nonprofit
24 entities.

25 (2) A pilot agency's decision to contract out must be in accordance
26 with an agency analysis that determines that contracting out will
27 result in:

- 28 (a) Cost savings; or
29 (b) Efficiencies; or
30 (c) Improved performance and service delivery.

31 NEW SECTION. **Sec. 12.** A new section is added to chapter 41.06 RCW
32 to read as follows:

33 (1) Notwithstanding any other provisions of this chapter, upon
34 request, the director of personnel, after consultation with the
35 department of corrections and the department of information services
36 and employee organizations, may adopt rules consistent with the

1 purposes of sections 1, 2, and 3 of this act regarding any personnel
2 matter affecting employees of the department of corrections and the
3 department of information services. The director's rules will take
4 precedence over rules adopted by the personnel resources board and the
5 Washington management services rules.

6 **Sec. 13.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended
7 to read as follows:

8 The director of general administration may assess a charge or rent
9 against each state board, commission, agency, office, department,
10 activity, or other occupant or user for payment of a proportionate
11 share of costs for occupancy of buildings, structures, or facilities
12 including but not limited to all costs of acquiring, constructing,
13 operating, and maintaining such buildings, structures, or facilities
14 and the repair, remodeling, or furnishing thereof and for the rendering
15 of any service or the furnishing or providing of any supplies,
16 equipment, or materials.

17 The director of general administration may recover the full costs
18 including appropriate overhead charges of the foregoing by periodic
19 billings as determined by the director including but not limited to
20 transfers upon accounts and advancements into the general
21 administration facilities and services revolving fund. Rates shall be
22 established by the director of general administration after
23 consultation with the director of financial management. The director
24 of general administration may allot, provide, or furnish any of such
25 facilities, structures, services, equipment, supplies, or materials to
26 any other public service type occupant or user at such rates or charges
27 as are equitable and reasonably reflect the actual costs of the
28 services provided: PROVIDED, HOWEVER, That the legislature, its duly
29 constituted committees, interim committees, and other committees shall
30 be exempted from the provisions of this section. As provided for in
31 sections 1, 2, and 3 of this act, the director of general
32 administration shall adjust the charges or rents for the department of
33 corrections and the department of information services to reflect
34 changes in service levels provided to those departments.

35 Upon receipt of such bill, each entity, occupant, or user shall
36 cause a warrant or check in the amount thereof to be drawn in favor of
37 the department of general administration which shall be deposited in
38 the state treasury to the credit of the general administration

1 facilities and services revolving fund established in RCW 43.19.500
2 unless the director of financial management has authorized another
3 method for payment of costs.

4 **Sec. 14.** RCW 43.19.190 and 1993 sp.s. c 10 s 2 and 1993 c 379 s
5 102 are each reenacted and amended to read as follows:

6 The director of general administration, through the state
7 purchasing and material control director, shall:

8 (1) Establish and staff such administrative organizational units
9 within the division of purchasing as may be necessary for effective
10 administration of the provisions of RCW 43.19.190 through 43.19.1939;

11 (2) Purchase all material, supplies, services, and equipment needed
12 for the support, maintenance, and use of all state institutions,
13 colleges, community colleges, technical colleges, college districts,
14 and universities, the offices of the elective state officers, the
15 supreme court, the court of appeals, the administrative and other
16 departments of state government, and the offices of all appointive
17 officers of the state: PROVIDED, That the provisions of RCW 43.19.190
18 through 43.19.1937 do not apply in any manner to the operation of the
19 state legislature except as requested by the legislature: PROVIDED,
20 That any agency may purchase material, supplies, services, and
21 equipment for which the agency has notified the purchasing and material
22 control director that it is more cost-effective for the agency to make
23 the purchase directly from the vendor: PROVIDED, That primary
24 authority for the purchase of specialized equipment, instructional, and
25 research material for their own use shall rest with the colleges,
26 community colleges, and universities: PROVIDED FURTHER, That
27 universities operating hospitals and the state purchasing and material
28 control director, as the agent for state hospitals as defined in RCW
29 72.23.010, and for health care programs provided in state correctional
30 institutions as defined in RCW 72.65.010(3) and veterans' institutions
31 as defined in RCW 72.36.010 and 72.36.070, may make purchases for
32 hospital operation by participating in contracts for materials,
33 supplies, and equipment entered into by nonprofit cooperative hospital
34 group purchasing organizations: PROVIDED FURTHER, That primary
35 authority for the purchase of materials, supplies, and equipment for
36 resale to other than public agencies shall rest with the state agency
37 concerned: PROVIDED FURTHER, That authority to purchase services as
38 included herein does not apply to personal services as defined in

1 chapter 39.29 RCW, unless such organization specifically requests
2 assistance from the division of purchasing in obtaining personal
3 services and resources are available within the division to provide
4 such assistance: PROVIDED FURTHER, That the authority for the purchase
5 of insurance and bonds shall rest with the risk manager under RCW
6 43.19.1935: PROVIDED FURTHER, That, except for the authority of the
7 risk manager to purchase insurance and bonds, the director is not
8 required to provide purchasing services for institutions of higher
9 education that choose to exercise independent purchasing authority
10 under RCW 28B.10.029: PROVIDED FURTHER, That the provisions of this
11 chapter relating to purchasing, material control, and central stores do
12 not apply to the department of corrections and the department of
13 information services to the extent that these agencies may be exempt
14 from these requirements under sections 1, 2, and 3 of this act;

15 (3) Provide the required staff assistance for the state supply
16 management advisory board through the division of purchasing;

17 (4) Have authority to delegate to state agencies authorization to
18 purchase or sell, which authorization shall specify restrictions as to
19 dollar amount or to specific types of material, equipment, services,
20 and supplies: PROVIDED, That acceptance of the purchasing
21 authorization by a state agency does not relieve such agency from
22 conformance with other sections of RCW 43.19.190 through 43.19.1939, or
23 from policies established by the director after consultation with the
24 state supply management advisory board: PROVIDED FURTHER, That
25 delegation of such authorization to a state agency, including an
26 educational institution to which this section applies, to purchase or
27 sell material, equipment, services, and supplies shall not be granted,
28 or otherwise continued under a previous authorization, if such agency
29 is not in substantial compliance with overall state purchasing and
30 material control policies as established herein;

31 (5) Contract for the testing of material, supplies, and equipment
32 with public and private agencies as necessary and advisable to protect
33 the interests of the state;

34 (6) Prescribe the manner of inspecting all deliveries of supplies,
35 materials, and equipment purchased through the division;

36 (7) Prescribe the manner in which supplies, materials, and
37 equipment purchased through the division shall be delivered, stored,
38 and distributed;

1 (8) Provide for the maintenance of a catalogue library,
2 manufacturers' and wholesalers' lists, and current market information;

3 (9) Provide for a commodity classification system and may, in
4 addition, provide for the adoption of standard specifications after
5 receiving the recommendation of the supply management advisory board;

6 (10) Provide for the maintenance of inventory records of supplies,
7 materials, and other property;

8 (11) Prepare rules and regulations governing the relationship and
9 procedures between the division of purchasing and state agencies and
10 vendors;

11 (12) Publish procedures and guidelines for compliance by all state
12 agencies, including those educational institutions to which this
13 section applies, which implement overall state purchasing and material
14 control policies;

15 (13) Conduct periodic visits to state agencies, including those
16 educational institutions to which this section applies, to determine if
17 statutory provisions and supporting purchasing and material control
18 policies are being fully implemented, and based upon such visits, take
19 corrective action to achieve compliance with established purchasing and
20 material control policies under existing statutes when required.

21 **Sec. 15.** RCW 43.19.715 and 1993 c 219 s 3 are each amended to read
22 as follows:

23 The director shall establish a consolidated mail service to handle
24 all incoming, outgoing, and internal mail in the 98504 zip code area or
25 successor zip code areas for agencies in the Olympia, Tumwater, and
26 Lacey area. The director may include additional geographic areas
27 within the consolidated mail service, based upon his or her
28 determination. The department shall also provide mail services to
29 legislative and judicial agencies in the Olympia, Tumwater, and Lacey
30 area upon request.

31 The director may bill state agencies and other entities
32 periodically for mail services rendered.

33 This section does not apply to the department of corrections and
34 the department of information services to the extent that these
35 agencies may be exempt from these requirements under sections 1, 2, and
36 3 of this act.

1 **Sec. 16.** RCW 43.19.720 and 1993 c 219 s 5 are each amended to read
2 as follows:

3 The department, in cooperation with the office of financial
4 management, shall review current and prospective needs of state
5 agencies for any equipment to process mail throughout state government.
6 If after such consultation, the department should find that the
7 economy, efficiency, or effectiveness of state government would be
8 improved by such a transfer or other disposition, then the property
9 shall be transferred or otherwise disposed.

10 After making such finding, the department shall direct the transfer
11 of existing state property, facilities, and equipment pertaining to the
12 consolidated mail service or United States postal service. Any dispute
13 concerning the benefits in state governmental economy, efficiency, and
14 effectiveness shall be resolved by the office of financial management.

15 This section does not apply to the department of corrections and
16 the department of information services to the extent that these
17 agencies may be exempt from these requirements under sections 1, 2, and
18 3 of this act.

19 **Sec. 17.** RCW 43.78.030 and 1993 c 379 s 104 are each amended to
20 read as follows:

21 The public printer shall print and bind the session laws, the
22 journals of the two houses of the legislature, all bills, resolutions,
23 documents, and other printing and binding of either the senate or
24 house, as the same may be ordered by the legislature; and such forms,
25 blanks, record books, and printing and binding of every description as
26 may be ordered by all state officers, boards, commissions, and
27 institutions, and the supreme court, and the court of appeals and
28 officers thereof, as the same may be ordered on requisition, from time
29 to time, by the proper authorities. This section shall not apply to
30 the printing of the supreme court and the court of appeals reports, to
31 the printing of bond certificates or bond offering disclosure
32 documents, or to any printing done or contracted for by institutions of
33 higher education, the department of corrections, or the department of
34 information services to the extent that these agencies may be exempt
35 from these requirements under sections 1, 2, and 3 of this act:
36 PROVIDED, That institutions of higher education, in consultation with
37 the public printer, develop vendor selection procedures comparable to
38 those used by the public printer for contracted printing jobs. Where

1 any institution or institution of higher learning of the state is or
2 may become equipped with facilities for doing such work, it may do any
3 printing: (1) For itself, or (2) for any other state institution when
4 such printing is done as part of a course of study relative to the
5 profession of printer. Any printing and binding of whatever
6 description as may be needed by any institution or agency of the state
7 department of social and health services not at Olympia, or the supreme
8 court or the court of appeals or any officer thereof, the estimated
9 cost of which shall not exceed one thousand dollars, may be done by any
10 private printing company in the general vicinity within the state of
11 Washington so ordering, if in the judgment of the officer of the agency
12 so ordering, the saving in time and processing justifies the award to
13 such local private printing concern.

14 Beginning on July 1, 1989, and on July 1 of each succeeding odd-
15 numbered year, the dollar limit specified in this section shall be
16 adjusted as follows: The office of financial management shall
17 calculate such limit by adjusting the previous biennium's limit by an
18 appropriate federal inflationary index reflecting the rate of inflation
19 for the previous biennium. Such amounts shall be rounded to the
20 nearest fifty dollars.

21 **Sec. 18.** RCW 43.78.100 and 1993 c 379 s 106 are each amended to
22 read as follows:

23 The public printer shall furnish all paper, stock, and binding
24 materials required in all public work, and shall charge the same to the
25 state, as it is actually used, at the actual price at which it was
26 purchased plus five percent for waste, insurance, storage, and
27 handling. This section does not apply to institutions of higher
28 education, the department of corrections, or the department of
29 information services, to the extent that the department of corrections
30 and the department of information services may be exempt from this
31 requirement under sections 1, 2, and 3 of this act.

32 **Sec. 19.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read
33 as follows:

34 (1) The director of the department of general administration, on
35 behalf of the agency involved, shall purchase, lease, rent, or
36 otherwise acquire all real estate, improved or unimproved, as may be
37 required by elected state officials, institutions, departments,

1 commissions, boards, and other state agencies, or federal agencies
2 where joint state and federal activities are undertaken and may grant
3 easements and transfer, exchange, sell, lease, or sublease all or part
4 of any surplus real estate for those state agencies which do not
5 otherwise have the specific authority to dispose of real estate. This
6 section does not transfer financial liability for the acquired property
7 to the department of general administration.

8 (2) Except for real estate occupied by federal agencies, the
9 director shall determine the location, size, and design of any real
10 estate or improvements thereon acquired or held pursuant to subsection
11 (1) of this section.

12 (3) The director is authorized to purchase, lease, rent, or
13 otherwise acquire improved or unimproved real estate as owner or lessee
14 and to lease or sublet all or a part of such real estate to state or
15 federal agencies. The director shall charge each using agency its
16 proportionate rental which shall include an amount sufficient to pay
17 all costs, including, but not limited to, those for utilities,
18 janitorial and accounting services, and sufficient to provide for
19 contingencies; which shall not exceed five percent of the average
20 annual rental, to meet unforeseen expenses incident to management of
21 the real estate.

22 (4) If the director determines that it is necessary or advisable to
23 undertake any work, construction, alteration, repair, or improvement on
24 any real estate acquired pursuant to subsections (1) or (3) of this
25 section, the director shall cause plans and specifications thereof and
26 an estimate of the cost of such work to be made and filed in his office
27 and the state agency benefiting thereby is hereby authorized to pay for
28 such work out of any available funds: PROVIDED, That the cost of
29 executing such work shall not exceed the sum of twenty-five thousand
30 dollars. Work, construction, alteration, repair, or improvement in
31 excess of twenty-five thousand dollars, other than that done by the
32 owner of the property if other than the state, shall be performed in
33 accordance with the public works law of this state.

34 (5) In order to obtain maximum utilization of space, the director
35 shall make space utilization studies, and shall establish standards for
36 use of space by state agencies.

37 (6) The director may construct new buildings on, or improve
38 existing facilities, and furnish and equip, all real estate under his
39 management.

1 (7) All conveyances and contracts to purchase, lease, rent,
2 transfer, exchange, or sell real estate and to grant and accept
3 easements shall be approved as to form by the attorney general, signed
4 by the director or the director's designee, and recorded with the
5 county auditor of the county in which the property is located.

6 (8) The director may delegate any or all of the functions specified
7 in this section to any agency upon such terms and conditions as the
8 director deems advisable.

9 (9) This section does not apply to the acquisition of real estate
10 by:

11 (a) The state college and universities for research or experimental
12 purposes;

13 (b) The state liquor control board for liquor stores and
14 warehouses; ((and))

15 (c) The department of natural resources, the department of
16 ((fisheries, the department of)) fish and wildlife, the department of
17 transportation, and the state parks and recreation commission for
18 purposes other than the leasing of offices, warehouses, and real estate
19 for similar purposes; and

20 (d) The department of corrections and the department of information
21 services to the extent that these agencies may be exempt from these
22 requirements under sections 1, 2, and 3 of this act.

23 (10) Notwithstanding any provision in this chapter to the contrary,
24 the department of general administration may negotiate ground leases
25 for public lands on which property is to be acquired under a financing
26 contract pursuant to chapter 39.94 RCW under terms approved by the
27 state finance committee.

28 **Sec. 20.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are
29 each reenacted and amended to read as follows:

30 (1) The director of financial management shall provide all agencies
31 with a complete set of instructions for submitting biennial budget
32 requests to the director at least three months before agency budget
33 documents are due into the office of financial management. The
34 director shall provide agencies that are required under RCW 44.40.070
35 to develop comprehensive six-year program and financial plans with a
36 complete set of instructions for submitting these program and financial
37 plans at the same time that instructions for submitting other budget
38 requests are provided. The budget document or documents shall consist

1 of the governor's budget message which shall be explanatory of the
2 budget and shall contain an outline of the proposed financial policies
3 of the state for the ensuing fiscal period, as well as an outline of
4 the proposed six-year financial policies where applicable, and shall
5 describe in connection therewith the important features of the budget.
6 The message shall set forth the reasons for salient changes from the
7 previous fiscal period in expenditure and revenue items and shall
8 explain any major changes in financial policy. Attached to the budget
9 message shall be such supporting schedules, exhibits and other
10 explanatory material in respect to both current operations and capital
11 improvements as the governor shall deem to be useful to the
12 legislature. The budget document or documents shall set forth a
13 proposal for expenditures in the ensuing fiscal period, or six-year
14 period where applicable, based upon the estimated revenues as approved
15 by the economic and revenue forecast council or upon the estimated
16 revenues of the office of financial management for those funds,
17 accounts, and sources for which the office of the economic and revenue
18 forecast council does not prepare an official forecast, including those
19 revenues anticipated to support the six-year programs and financial
20 plans under RCW 44.40.070. In estimating revenues to support financial
21 plans under RCW 44.40.070, the office of financial management shall
22 rely on information and advice from the interagency revenue task force.
23 Revenues shall be estimated for such fiscal period from the source and
24 at the rates existing by law at the time of submission of the budget
25 document, including the supplemental budgets submitted in the even-
26 numbered years of a biennium. However, the estimated revenues for use
27 in the governor's budget document may be adjusted to reflect budgetary
28 revenue transfers and revenue estimates dependent upon budgetary
29 assumptions of enrollments, workloads, and caseloads. All adjustments
30 to the approved estimated revenues must be set forth in the budget
31 document. The governor may additionally submit, as an appendix to each
32 supplemental, biennial, or six-year agency budget or to the budget
33 document or documents, a proposal for expenditures in the ensuing
34 fiscal period from revenue sources derived from proposed changes in
35 existing statutes.

36 Supplemental and biennial documents shall reflect a six-year
37 expenditure plan consistent with estimated revenues from existing
38 sources and at existing rates for those agencies required to submit
39 six-year program and financial plans under RCW 44.40.070. Any

1 additional revenue resulting from proposed changes to existing statutes
2 shall be separately identified within the document as well as related
3 expenditures for the six-year period.

4 The budget document or documents shall also contain:

5 (a) Revenues classified by fund and source for the immediately past
6 fiscal period, those received or anticipated for the current fiscal
7 period, those anticipated for the ensuing biennium, and those
8 anticipated for the ensuing six-year period to support the six-year
9 programs and financial plans required under RCW 44.40.070;

10 (b) The undesignated fund balance or deficit, by fund;

11 (c) Such additional information dealing with expenditures,
12 revenues, workload, performance, and personnel as the legislature may
13 direct by law or concurrent resolution;

14 (d) Such additional information dealing with revenues and
15 expenditures as the governor shall deem pertinent and useful to the
16 legislature;

17 (e) Tabulations showing expenditures classified by fund, function,
18 activity, and object: PROVIDED, That the department of corrections and
19 the department of information services may be exempt from developing
20 budgets at the object and subobject level under sections 1, 2, and 3 of
21 this act;

22 (f) A delineation of each agency's activities, including those
23 activities funded from nonbudgeted, nonappropriated sources, including
24 funds maintained outside the state treasury; and

25 (g) Identification of all proposed direct expenditures to implement
26 the Puget Sound water quality plan under chapter 90.70 RCW, shown by
27 agency and in total.

28 (2) The budget document or documents shall include detailed
29 estimates of all anticipated revenues applicable to proposed operating
30 or capital expenditures and shall also include all proposed operating
31 or capital expenditures. The total of beginning undesignated fund
32 balance and estimated revenues less working capital and other reserves
33 shall equal or exceed the total of proposed applicable expenditures.
34 The budget document or documents shall further include:

35 (a) Interest, amortization, and redemption charges on the state
36 debt;

37 (b) Payments of all reliefs, judgments, and claims;

38 (c) Other statutory expenditures;

39 (d) Expenditures incident to the operation for each agency;

1 (e) Revenues derived from agency operations;

2 (f) Expenditures and revenues shall be given in comparative form
3 showing those incurred or received for the immediately past fiscal
4 period and those anticipated for the current biennium and next ensuing
5 biennium, as well as those required to support the six-year programs
6 and financial plans required under RCW 44.40.070;

7 (g) A showing and explanation of amounts of general fund and other
8 funds obligations for debt service and any transfers of moneys that
9 otherwise would have been available for appropriation;

10 (h) Common school expenditures on a fiscal-year basis;

11 (i) A showing, by agency, of the value and purpose of financing
12 contracts for the lease/purchase or acquisition of personal or real
13 property for the current and ensuing fiscal periods.

14 (3) A separate capital budget document or schedule shall be
15 submitted that will contain the following:

16 (a) A capital plan consisting of proposed capital spending for at
17 least four fiscal periods succeeding the next fiscal period;

18 (b) A capital program consisting of proposed capital projects for
19 at least the two fiscal periods succeeding the next fiscal period;

20 (c) A capital plan consisting of proposed capital spending for at
21 least four fiscal periods succeeding the next fiscal period;

22 (d) A statement of the reason or purpose for a project;

23 (e) Verification that a project is consistent with the provisions
24 set forth in chapter 36.70A RCW;

25 (f) A statement about the proposed site, size, and estimated life
26 of the project, if applicable;

27 (g) Estimated total project cost;

28 (h) Estimated total project cost for each phase of the project as
29 defined by the office of financial management;

30 (i) Estimated ensuing biennium costs;

31 (j) Estimated costs beyond the ensuing biennium;

32 (k) Estimated construction start and completion dates;

33 (l) Source and type of funds proposed;

34 (m) Such other information bearing upon capital projects as the
35 governor deems to be useful;

36 (n) Standard terms, including a standard and uniform definition of
37 maintenance for all capital projects;

38 (o) Such other information as the legislature may direct by law or
39 concurrent resolution.

1 For purposes of this subsection (3), the term "capital project"
2 shall be defined subsequent to the analysis, findings, and
3 recommendations of a joint committee comprised of representatives from
4 the house capital appropriations committee, senate ways and means
5 committee, legislative transportation committee, legislative evaluation
6 and accountability program committee, and office of financial
7 management.

8 (4) No change affecting the comparability of agency or program
9 information relating to expenditures, revenues, workload, performance
10 and personnel shall be made in the format of any budget document or
11 report presented to the legislature under this section or RCW
12 43.88.160(1) relative to the format of the budget document or report
13 which was presented to the previous regular session of the legislature
14 during an odd-numbered year without prior legislative concurrence.
15 Prior legislative concurrence shall consist of (a) a favorable majority
16 vote on the proposal by the standing committees on ways and means of
17 both houses if the legislature is in session or (b) a favorable
18 majority vote on the proposal by members of the legislative evaluation
19 and accountability program committee if the legislature is not in
20 session.

21 **Sec. 21.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s
22 2 are each reenacted and amended to read as follows:

23 This section sets forth the expenditure programs and the allotment
24 and reserve procedures to be followed by the executive branch for
25 public funds.

26 (1) Allotments of an appropriation for any fiscal period shall
27 conform to the terms, limits, or conditions of the appropriation.

28 (2) The director of financial management shall provide all agencies
29 with a complete set of operating and capital instructions for preparing
30 a statement of proposed expenditures at least thirty days before the
31 beginning of a fiscal period. The set of instructions need not include
32 specific appropriation amounts for the agency.

33 (3) Within forty-five days after the beginning of the fiscal period
34 or within forty-five days after the governor signs the omnibus biennial
35 appropriations act, whichever is later, all agencies other than the
36 department of corrections and the department of information services,
37 which may be exempt from these requirements under sections 1, 2, and 3
38 of this act, shall submit to the governor a statement of proposed

1 expenditures at such times and in such form as may be required by the
2 governor.

3 (4) The office of financial management shall develop a method for
4 monitoring capital appropriations and expenditures that will capture at
5 least the following elements:

6 (a) Appropriations made for capital projects including
7 transportation projects;

8 (b) Estimates of total project costs including past, current,
9 ensuing, and future biennial costs;

10 (c) Comparisons of actual costs to estimated costs;

11 (d) Comparisons of estimated construction start and completion
12 dates with actual dates;

13 (e) Documentation of fund shifts between projects.

14 This data may be incorporated into the existing accounting system
15 or into a separate project management system, as deemed appropriate by
16 the office of financial management.

17 (5) If at any time during the fiscal period the governor projects
18 a cash deficit in a particular fund or account as defined by RCW
19 43.88.050, the governor shall make across-the-board reductions in
20 allotments for that particular fund or account so as to prevent a cash
21 deficit, unless the legislature has directed the liquidation of the
22 cash deficit over one or more fiscal periods. Except for the
23 legislative and judicial branches and other agencies headed by elective
24 officials, the governor shall review the statement of proposed
25 operating expenditures for reasonableness and conformance with
26 legislative intent. Once the governor approves the statements of
27 proposed operating expenditures, further revisions shall be made only
28 at the beginning of the second fiscal year and must be initiated by the
29 governor. However, changes in appropriation level authorized by the
30 legislature, changes required by across-the-board reductions mandated
31 by the governor, changes caused by executive increases to spending
32 authority, and changes caused by executive decreases to spending
33 authority for failure to comply with the provisions of chapter 36.70A
34 RCW may require additional revisions. Revisions shall not be made
35 retroactively. Revisions caused by executive increases to spending
36 authority shall not be made after June 30, 1987. However, the governor
37 may assign to a reserve status any portion of an agency appropriation
38 withheld as part of across-the-board reductions made by the governor
39 and any portion of an agency appropriation conditioned on a contingent

1 event by the appropriations act. The governor may remove these amounts
2 from reserve status if the across-the-board reductions are subsequently
3 modified or if the contingent event occurs. The director of financial
4 management shall enter approved statements of proposed expenditures
5 into the state budgeting, accounting, and reporting system within
6 forty-five days after receipt of the proposed statements from the
7 agencies. If an agency or the director of financial management is
8 unable to meet these requirements, the director of financial management
9 shall provide a timely explanation in writing to the legislative fiscal
10 committees.

11 (6) It is expressly provided that all agencies shall be required to
12 maintain accounting records and to report thereon in the manner
13 prescribed in this chapter and under the regulations issued pursuant to
14 this chapter. Within ninety days of the end of the fiscal year, all
15 agencies shall submit to the director of financial management their
16 final adjustments to close their books for the fiscal year. Prior to
17 submitting fiscal data, written or oral, to committees of the
18 legislature, it is the responsibility of the agency submitting the data
19 to reconcile it with the budget and accounting data reported by the
20 agency to the director of financial management.

21 (7) The director of financial management shall monitor agency
22 operating expenditures against the approved statement of proposed
23 expenditures and shall provide the legislature with quarterly
24 explanations of major variances.

25 (8) The director of financial management may exempt certain public
26 funds from the allotment controls established under this chapter if it
27 is not practical or necessary to allot the funds. Allotment control
28 exemptions expire at the end of the fiscal biennium for which they are
29 granted. The director of financial management shall report any
30 exemptions granted under this subsection to the legislative fiscal
31 committees.

32 **Sec. 22.** RCW 43.88.150 and 1991 c 284 s 3 are each amended to read
33 as follows:

34 (1) For those agencies that make expenditures from both
35 appropriated and nonappropriated funds for the same purpose, the
36 governor shall direct such agencies to charge their expenditures in
37 such ratio, as between appropriated and nonappropriated funds, as will
38 conserve appropriated funds.

1 (2) Unless otherwise provided by law, if state moneys are
2 appropriated for a capital project and matching funds or other
3 contributions are required as a condition of the receipt of the state
4 moneys, the state moneys shall be disbursed in proportion to and only
5 to the extent that the matching funds or other contributions have been
6 received and are available for expenditure.

7 (3) The office of financial management shall adopt guidelines for
8 the implementation of this section. The guidelines may account for
9 federal matching requirements or other requirements to spend other
10 moneys in a particular manner.

11 (4) The department of corrections and the department of information
12 services may be exempted from this section as provided in sections 1,
13 2, and 3 of this act.

14 **Sec. 23.** RCW 43.88.160 and 1993 c 500 s 7, 1993 c 406 s 4, and
15 1993 c 194 s 6 are each reenacted and amended to read as follows:

16 This section sets forth the major fiscal duties and
17 responsibilities of officers and agencies of the executive branch. The
18 regulations issued by the governor pursuant to this chapter shall
19 provide for a comprehensive, orderly basis for fiscal management and
20 control, including efficient accounting and reporting therefor, for the
21 executive branch of the state government and may include, in addition,
22 such requirements as will generally promote more efficient public
23 management in the state.

24 (1) Governor; director of financial management. The governor,
25 through the director of financial management, shall devise and
26 supervise a modern and complete accounting system for each agency to
27 the end that all revenues, expenditures, receipts, disbursements,
28 resources, and obligations of the state shall be properly and
29 systematically accounted for. The accounting system shall include the
30 development of accurate, timely records and reports of all financial
31 affairs of the state. The system shall also provide for central
32 accounts in the office of financial management at the level of detail
33 deemed necessary by the director to perform central financial
34 management. The director of financial management shall adopt and
35 periodically update an accounting procedures manual. Any agency
36 maintaining its own accounting and reporting system shall comply with
37 the updated accounting procedures manual and the rules of the director
38 adopted under this chapter. An agency may receive a waiver from

1 complying with this requirement if the waiver is approved by the
2 director. Waivers expire at the end of the fiscal biennium for which
3 they are granted. The director shall forward notice of waivers granted
4 to the appropriate legislative fiscal committees. The director of
5 financial management may require such financial, statistical, and other
6 reports as the director deems necessary from all agencies covering any
7 period.

8 (2) The director of financial management is responsible for
9 quarterly reporting of primary operating budget drivers such as
10 applicable workloads, caseload estimates, and appropriate unit cost
11 data. These reports shall be transmitted to the legislative fiscal
12 committees or by electronic means to the legislative evaluation and
13 accountability program committee. Quarterly reports shall include
14 actual monthly data and the variance between actual and estimated data
15 to date. The reports shall also include estimates of these items for
16 the remainder of the budget period.

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

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

30 (a) Develop and maintain a system of internal controls and internal
31 audits comprising methods and procedures to be adopted by each agency
32 that will safeguard its assets, check the accuracy and reliability of
33 its accounting data, promote operational efficiency, and encourage
34 adherence to prescribed managerial policies for accounting and
35 financial controls. The system developed by the director shall include
36 criteria for determining the scope and comprehensiveness of internal
37 controls required by classes of agencies, depending on the level of
38 resources at risk.

1 Each agency head or authorized designee shall be assigned the
2 responsibility and authority for establishing and maintaining internal
3 audits following the standards of internal auditing of the institute of
4 internal auditors;

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

10 (c) Establish policies for allowing the contracting of child care
11 services;

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

14 (e) Review any pay and classification plans, and changes
15 thereunder, developed by any agency other than the department of
16 corrections or the department of information services, which may be
17 exempt from this requirement under sections 1, 2, and 3 of this act,
18 for their fiscal impact: PROVIDED, That none of the provisions of this
19 subsection shall affect merit systems of personnel management now
20 existing or hereafter established by statute relating to the fixing of
21 qualifications requirements for recruitment, appointment, or promotion
22 of employees of any agency. The director shall advise and confer with
23 agencies including appropriate standing committees of the legislature
24 as may be designated by the speaker of the house and the president of
25 the senate regarding the fiscal impact of such plans and may amend or
26 alter said plans, except that for the following agencies no amendment
27 or alteration of said plans may be made without the approval of the
28 agency concerned: Agencies headed by elective officials;

29 (f) Fix the number and classes of positions or authorized ((man))
30 staff years of employment for each agency and during the fiscal period
31 amend the determinations previously fixed by the director except that
32 the director shall not be empowered to fix said number or said classes
33 for the following: Agencies headed by elective officials, and the
34 department of corrections and the department of information services,
35 which may be exempt from this requirement under sections 1, 2, and 3 of
36 this act;

37 (g) Provide for transfers and repayments between the budget
38 stabilization account and the general fund as directed by appropriation
39 and RCW 43.88.525 through 43.88.540;

1 (h) Adopt rules to effectuate provisions contained in (a) through
2 (g) of this subsection. However, the director of financial management
3 may waive such rules for the department of corrections and the
4 department of information services under sections 1, 2, and 3 of this
5 act.

6 (5) The treasurer shall:

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

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

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

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

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

21 It shall be unlawful for the treasurer to disburse public funds in
22 the treasury except upon forms or by alternative means duly prescribed
23 by the director of financial management. These forms or alternative
24 means shall provide for authentication and certification by the agency
25 head or the agency head's designee that the services have been rendered
26 or the materials have been furnished; or, in the case of loans or
27 grants, that the loans or grants are authorized by law; or, in the case
28 of payments for periodic maintenance services to be performed on state
29 owned equipment, that a written contract for such periodic maintenance
30 services is currently in effect and copies thereof are on file with the
31 office of financial management; and the treasurer shall not be liable
32 under the treasurer's surety bond for erroneous or improper payments so
33 made. When services are lawfully paid for in advance of full
34 performance by any private individual or business entity other than as
35 provided for by RCW 42.24.035, such individual or entity other than
36 central stores rendering such services shall make a cash deposit or
37 furnish surety bond coverage to the state as shall be fixed in an
38 amount by law, or if not fixed by law, then in such amounts as shall be
39 fixed by the director of the department of general administration but

1 in no case shall such required cash deposit or surety bond be less than
2 an amount which will fully indemnify the state against any and all
3 losses on account of breach of promise to fully perform such services.
4 No payments shall be made in advance for any equipment maintenance
5 services to be performed more than three months after such payment.
6 Any such bond so furnished shall be conditioned that the person, firm
7 or corporation receiving the advance payment will apply it toward
8 performance of the contract. The responsibility for recovery of
9 erroneous or improper payments made under this section shall lie with
10 the agency head or the agency head's designee in accordance with
11 regulations issued pursuant to this chapter. Nothing in this section
12 shall be construed to permit a public body to advance funds to a
13 private service provider pursuant to a grant or loan before services
14 have been rendered or material furnished.

15 (6) The state auditor shall:

16 (a) Report to the legislature the results of current post audits
17 that have been made of the financial transactions of each agency; to
18 this end the auditor may, in the auditor's discretion, examine the
19 books and accounts of any agency, official or employee charged with the
20 receipt, custody or safekeeping of public funds. Where feasible in
21 conducting examinations, the auditor shall utilize data and findings
22 from the internal control system prescribed by the office of financial
23 management. The current post audit of each agency may include a
24 section on recommendations to the legislature as provided in (c) of
25 this subsection.

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

28 (c) Make the auditor's official report on or before the thirty-
29 first of December which precedes the meeting of the legislature. The
30 report shall be for the last complete fiscal period and shall include
31 determinations as to whether agencies, in making expenditures, complied
32 with the laws of this state. The state auditor is authorized to
33 perform or participate in performance audits only as expressly
34 authorized by the legislature in the omnibus biennial appropriations
35 acts. A performance audit for the purpose of this section is the
36 examination of the effectiveness of the administration, its efficiency,
37 and its adequacy in terms of the programs of departments or agencies as
38 previously approved by the legislature. The state auditor, upon
39 completing an audit for legal and financial compliance under chapter

1 43.09 RCW, may report to the legislative budget committee or other
2 appropriate committees of the legislature, in a manner prescribed by
3 the legislative budget committee, on facts relating to the management
4 or performance of governmental programs where such facts are discovered
5 incidental to the legal and financial audit. The auditor may make such
6 a report to a legislative committee only if the auditor has determined
7 that the agency has been given an opportunity and has failed to resolve
8 the management or performance issues raised by the auditor. If the
9 auditor makes a report to a legislative committee, the agency may
10 submit to the committee a response to the report. This subsection (6)
11 shall not be construed to authorize the auditor to allocate other than
12 de minimis resources to performance audits except as expressly
13 authorized in the appropriations acts.

14 (d) Be empowered to take exception to specific expenditures that
15 have been incurred by any agency or to take exception to other
16 practices related in any way to the agency's financial transactions and
17 to cause such exceptions to be made a matter of public record,
18 including disclosure to the agency concerned and to the director of
19 financial management. It shall be the duty of the director of
20 financial management to cause corrective action to be taken promptly,
21 such action to include, as appropriate, the withholding of funds as
22 provided in RCW 43.88.110.

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

24 (f) Investigate improper governmental activity under chapter 42.40
25 RCW.

26 (7) The legislative budget committee may:

27 (a) Make post audits of the financial transactions of any agency
28 and management surveys and program reviews as provided for in RCW
29 44.28.085 as well as performance audits and program evaluations. To
30 this end the committee may in its discretion examine the books,
31 accounts, and other records of any agency, official, or employee.

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

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

37 (i) Determinations as to the extent to which agencies in making
38 expenditures have complied with the will of the legislature and in this

1 connection, may take exception to specific expenditures or financial
2 practices of any agencies; and

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

7 **Sec. 24.** RCW 43.88.180 and 1973 1st ex.s. c 100 s 8 are each
8 amended to read as follows:

9 Appropriations shall not be required for refunds, as provided in
10 RCW 43.88.170, nor in the case of payments other than for
11 administrative expenses or capital improvements to be made from trust
12 funds specifically created by law to discharge awards, claims,
13 annuities and other liabilities of the state. Said trust funds shall
14 include, but shall not be limited to, the accident fund, medical aid
15 fund, retirement system fund, Washington state patrol retirement fund
16 (~~and~~), unemployment trust fund, and the efficiency incentive account
17 established on behalf of the department of information services and the
18 department of corrections under section 3 of this act. Appropriations
19 may be required in the case of public service enterprises defined for
20 the purposes of this section as proprietary functions conducted by an
21 agency of the state. An appropriation may be required to permit
22 payment of obligations by revolving funds, as provided in RCW
23 43.88.190.

24 **Sec. 25.** RCW 43.105.041 and 1990 c 208 s 6 are each amended to
25 read as follows:

26 The board shall have the following powers and duties related to
27 information services:

28 (1) To develop standards governing the acquisition and disposition
29 of equipment, proprietary software and purchased services, and
30 confidentiality of computerized data;

31 (2) To purchase, lease, rent, or otherwise acquire, dispose of, and
32 maintain equipment, proprietary software, and purchased services, or to
33 delegate to other agencies and institutions of state government, under
34 appropriate standards, the authority to purchase, lease, rent, or
35 otherwise acquire, dispose of, and maintain equipment, proprietary
36 software, and purchased services: PROVIDED, That, agencies and
37 institutions of state government are expressly prohibited from

1 acquiring or disposing of equipment, proprietary software, and
2 purchased services without such delegation of authority. The
3 acquisition and disposition of equipment, proprietary software, and
4 purchased services is exempt from RCW 43.19.1919 and, as provided in
5 RCW 43.19.1901, from the provisions of RCW 43.19.190 through 43.19.200.
6 This subsection does not apply to the legislative branch. This
7 subsection does not apply to the department of corrections and the
8 department of information services to the extent that the department of
9 corrections and the department of information services may be exempt
10 from these requirements under sections 1, 2, and 3 of this act and that
11 architectural and other standards identified by the board are met and
12 competitive procurement practices are followed;

13 (3) To develop state-wide or interagency technical policies,
14 standards, and procedures;

15 (4) To assure the cost-effective development and incremental
16 implementation of a state-wide video telecommunications system to
17 serve: Public schools; educational service districts; vocational-
18 technical institutes; community colleges; colleges and universities;
19 state and local government; and the general public through public
20 affairs programming;

21 (5) To provide direction concerning strategic planning goals and
22 objectives for the state. The board shall seek input from the
23 legislature and the judiciary;

24 (6) To develop and implement a process for the resolution of
25 appeals by:

26 (a) Vendors concerning the conduct of an acquisition process by an
27 agency or the department; or

28 (b) A customer agency concerning the provision of services by the
29 department or by other state agency providers;

30 (c) As provided for in sections 1, 2, and 3 of this act, this
31 subsection (6) does not apply to the department of corrections or the
32 department of information services if the pilot agencies and the office
33 of financial management mutually agree to an alternate appeals process;

34 (7) To establish policies for the periodic review by the department
35 of agency performance which may include but are not limited to analysis
36 of:

37 (a) Planning, management, control, and use of information services;

38 (b) Training and education; and

39 (c) Project management;

1 (8) To set its meeting schedules and convene at scheduled times, or
2 meet at the request of a majority of its members, the chair, or the
3 director; and

4 (9) To review and approve that portion of the department's budget
5 requests that provides for support to the board.

6 **Sec. 26.** RCW 43.105.052 and 1993 c 281 s 53 are each amended to
7 read as follows:

8 The department shall:

9 (1) Perform all duties and responsibilities the board delegates to
10 the department, including but not limited to:

11 (a) The review of agency acquisition plans and requests; and

12 (b) Implementation of state-wide and interagency policies,
13 standards, and guidelines;

14 (2) Make available information services to state agencies and local
15 governments on a full cost-recovery basis. As provided for in sections
16 1, 2, and 3 of this act, information services may also be made
17 available to tribal organizations and the federal government. These
18 services may include, but are not limited to:

19 (a) Telecommunications services for voice, data, and video;

20 (b) Mainframe computing services;

21 (c) Support for departmental and microcomputer evaluation,
22 installation, and use;

23 (d) Equipment acquisition assistance, including leasing, brokering,
24 and establishing master contracts;

25 (e) Facilities management services for information technology
26 equipment, equipment repair, and maintenance service;

27 (f) Negotiation with local cable companies and local governments to
28 provide for connection to local cable services to allow for access to
29 these public and educational channels in the state;

30 (g) Office automation services;

31 (h) System development services; and

32 (i) Training.

33 These services are for discretionary use by customers and customers
34 may elect other alternatives for service if those alternatives are more
35 cost-effective or provide better service. Agencies may be required to
36 use the backbone network portions of the telecommunications services
37 during an initial start-up period not to exceed three years;

1 (3) Establish rates and fees for services provided by the
2 department to assure that the services component of the department is
3 self-supporting. A billing rate plan shall be developed for a two-year
4 period to coincide with the budgeting process(~~(. The rate plan shall~~
5 ~~be subject to review at least annually by the customer oversight~~
6 ~~committees. The rate plan shall show the proposed rates by each cost~~
7 ~~center and will show the components of the rate structure as mutually~~
8 ~~determined by the department and the customer oversight committees.~~
9 ~~The same rate structure will apply to all user agencies of each cost~~
10 ~~center. The rate plan and any adjustments to rates shall be approved~~
11 ~~by the office of financial management. The services component shall~~
12 ~~not subsidize the operations of the planning component)) and must be
13 mutually agreed to by the department of information services and the
14 office of financial management as provided for in sections 1, 2, and 3
15 of this act;~~

16 (4) With the advice of the information services board and agencies,
17 develop a state strategic information technology plan and performance
18 reports as required under RCW 43.105.160;

19 (5) Develop plans for the department's achievement of state-wide
20 goals and objectives set forth in the state strategic information
21 technology plan required under RCW 43.105.160. These plans shall
22 address such services as telecommunications, central and distributed
23 computing, local area networks, office automation, and end user
24 computing. The department shall seek the advice of customer oversight
25 committees and the board in the development of these plans;

26 (6) Under direction of the information services board and in
27 collaboration with the department of personnel, and other agencies as
28 may be appropriate, develop training plans and coordinate training
29 programs that are responsive to the needs of agencies;

30 (7) Identify opportunities for the effective use of information
31 services and coordinate appropriate responses to those opportunities;

32 (8) Assess agencies' projects, acquisitions, plans, or overall
33 information processing performance as requested by the board, agencies,
34 the director of financial management, or the legislature. Agencies may
35 be required to reimburse the department for agency-requested reviews;

36 (9) Develop planning, budgeting, and expenditure reporting
37 requirements, in conjunction with the office of financial management,
38 for agencies to follow;

1 (10) Assist the office of financial management with budgetary and
2 policy review of agency plans for information services;

3 (11) Provide staff support from the planning component to the board
4 for:

5 (a) Meeting preparation, notices, and minutes;

6 (b) Promulgation of policies, standards, and guidelines adopted by
7 the board;

8 (c) Supervision of studies and reports requested by the board;

9 (d) Conducting reviews and assessments as directed by the board;

10 (12) Be the lead agency in coordinating video telecommunications
11 services for all state agencies and develop, pursuant to board
12 policies, standards and common specifications for leased and purchased
13 telecommunications equipment. The department shall not evaluate the
14 merits of school curriculum, higher education course offerings, or
15 other education and training programs proposed for transmission and/or
16 reception using video telecommunications resources. Nothing in this
17 section shall abrogate or abridge the legal responsibilities of
18 licensees of telecommunications facilities as licensed by the federal
19 communication commission on March 27, 1990; and

20 (13) Perform all other matters and things necessary to carry out
21 the purposes and provisions of this chapter.

22 As provided in sections 1, 2, and 3 of this act, the department may
23 enter into strategic partnerships with nongovernmental organizations to
24 advance the state's economic development, improve delivery of
25 technology services and infrastructure, leverage public investments,
26 and ensure success of state information technology development projects
27 if the department adheres to competitive acquisition requirements that
28 have been mutually agreed to by the department and the office of
29 financial management.

30 **Sec. 27.** RCW 72.09.100 and 1992 c 123 s 1 are each amended to read
31 as follows:

32 It is the intent of the legislature to vest in the department the
33 power to provide for a comprehensive inmate work program and to remove
34 statutory and other restrictions which have limited work programs in
35 the past. For purposes of establishing such a comprehensive program,
36 the legislature recommends that the department consider adopting any or
37 all, or any variation of, the following classes of work programs:

1 (1) CLASS I: FREE VENTURE INDUSTRIES. The employer model
2 industries in this class shall be operated and managed in total or in
3 part by any profit or nonprofit organization pursuant to an agreement
4 between the organization and the department. The organization shall
5 produce goods or services for sale to both the public and private
6 sector.

7 The customer model industries in this class shall be operated and
8 managed by the department to provide Washington state manufacturers or
9 businesses with products or services currently produced or provided by
10 out-of-state or foreign suppliers. The correctional industries board
11 of directors shall review these proposed industries before the
12 department contracts to provide such products or services. The review
13 shall include an analysis of the potential impact of the proposed
14 products and services on the Washington state business community and
15 labor market.

16 The department of corrections shall supply appropriate security and
17 custody services without charge to the participating firms.

18 Inmates who work in free venture industries shall do so at their
19 own choice. They shall be paid a wage comparable to the wage paid for
20 work of a similar nature in the locality in which the industry is
21 located, as determined by the director of correctional industries. If
22 the director cannot reasonably determine the comparable wage, then the
23 pay shall not be less than the federal minimum wage.

24 (2) CLASS II: TAX REDUCTION INDUSTRIES. Industries in this class
25 shall be state-owned and operated enterprises designed to reduce the
26 costs for goods and services for tax-supported agencies and for
27 nonprofit organizations. The industries selected for development
28 within this class shall, as much as possible, match the available pool
29 of inmate work skills and aptitudes with the work opportunities in the
30 free community. The industries shall be closely patterned after
31 private sector industries but with the objective of reducing public
32 support costs rather than making a profit. The products and services
33 of this industry, including purchased products and services necessary
34 for a complete product line, may be sold to public agencies, to
35 nonprofit organizations, and to private (~~contractors when the goods~~
36 ~~purchased will be ultimately used by a public agency or a nonprofit~~
37 ~~organization~~) sector companies if those products and services are not
38 currently manufactured by or obtained from a Washington-based business
39 as provided in sections 1, 2, and 3 of this act. Clothing manufactured

1 by an industry in this class may be donated to nonprofit organizations
2 that provide clothing free of charge to low-income persons.
3 Correctional industries products and services shall be reviewed by the
4 correctional industries board of directors before offering such
5 products and services for sale to private contractors. The board of
6 directors shall conduct a yearly marketing review of the products and
7 services offered under this subsection. Such review shall include an
8 analysis of the potential impact of the proposed products and services
9 on the Washington state business community. To avoid waste or spoilage
10 and consequent loss to the state, when there is no public sector market
11 for such goods, byproducts and surpluses of timber, agricultural, and
12 animal husbandry enterprises may be sold to private persons, at private
13 sale. Surplus byproducts and surpluses of timber, agricultural and
14 animal husbandry enterprises that cannot be sold to public agencies or
15 to private persons may be donated to nonprofit organizations. All
16 sales of surplus products shall be carried out in accordance with rules
17 prescribed by the secretary.

18 Security and custody services shall be provided without charge by
19 the department of corrections.

20 Inmates working in this class of industries shall do so at their
21 own choice and shall be paid for their work on a gratuity scale which
22 shall not exceed the wage paid for work of a similar nature in the
23 locality in which the industry is located and which is approved by the
24 director of correctional industries.

25 (3) CLASS III: INSTITUTIONAL SUPPORT INDUSTRIES. Industries in
26 this class shall be operated by the department of corrections. They
27 shall be designed and managed to accomplish the following objectives:

28 (a) Whenever possible, to provide basic work training and
29 experience so that the inmate will be able to qualify for better work
30 both within correctional industries and the free community. It is not
31 intended that an inmate's work within this class of industries should
32 be his or her final and total work experience as an inmate.

33 (b) Whenever possible, to provide forty hours of work or work
34 training per week.

35 (c) Whenever possible, to offset tax and other public support
36 costs.

37 Supervising, management, and custody staff shall be employees of
38 the department.

1 All able and eligible inmates who are assigned work and who are not
2 working in other classes of industries shall work in this class.

3 Except for inmates who work in work training programs, inmates in
4 this class shall be paid for their work in accordance with an inmate
5 gratuity scale. The scale shall be adopted by the secretary of
6 corrections.

7 (4) CLASS IV: COMMUNITY WORK INDUSTRIES. Industries in this class
8 shall be operated by the department of corrections. They shall be
9 designed and managed to provide services in the inmate's resident
10 community at a reduced cost. The services shall be provided to public
11 agencies, to persons who are poor or infirm, or to nonprofit
12 organizations.

13 Inmates in this program shall reside in facilities owned by,
14 contracted for, or licensed by the department of corrections. A unit
15 of local government shall provide work supervision services without
16 charge to the state and shall pay the inmate's wage.

17 The department of corrections shall reimburse participating units
18 of local government for liability and workers compensation insurance
19 costs.

20 Inmates who work in this class of industries shall do so at their
21 own choice and shall receive a gratuity which shall not exceed the wage
22 paid for work of a similar nature in the locality in which the industry
23 is located.

24 (5) CLASS V: COMMUNITY SERVICE PROGRAMS. Programs in this class
25 shall be subject to supervision by the department of corrections. The
26 purpose of this class of industries is to enable an offender, placed on
27 community supervision, to work off all or part of a community service
28 order as ordered by the sentencing court.

29 Employment shall be in a community service program operated by the
30 state, local units of government, or a nonprofit agency.

31 To the extent that funds are specifically made available for such
32 purposes, the department of corrections shall reimburse nonprofit
33 agencies for workers compensation insurance costs.

34 NEW SECTION. **Sec. 28.** This act takes effect July 1, 1994.

35 NEW SECTION. **Sec. 29.** The following acts or parts of acts are
36 each repealed, effective July 1, 1997:

37 (1) 1994 c -- s 1 (section 1 of this act);

1 (2) 1994 c -- s 2 (section 2 of this act);
2 (3) 1994 c -- s 3 (section 3 of this act);
3 (4) 1994 c -- s 5 (section 5 of this act);
4 (5) 1994 c -- s 6 (section 6 of this act);
5 (6) 1994 c -- s 11 (section 11 of this act); and
6 (7) 1994 c -- s 12 (section 12 of this act).

7 NEW SECTION. **Sec. 30.** 1994 c -- s 4 (section 4 of this act) is
8 repealed, effective December 1, 1997.

9 NEW SECTION. **Sec. 31.** The amendments to RCW 39.04.220, 39.29.040,
10 41.04.340, 41.06.380, 43.01.090, 43.19.190, 43.19.715, 43.19.720,
11 43.78.030, 43.78.100, 43.82.010, 43.88.030, 43.88.110, 43.88.150,
12 43.88.160, 43.88.180, 43.105.041, 43.105.052, and 72.09.100 by sections
13 7 through 10 and 13 through 27 of this act, respectively, each expire
14 July 1, 1997, and those sections will revert to their wording as of
15 June 30, 1994, subject to any other amendments.

--- END ---