

SENATE BILL REPORT

SB 5517

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 16, 2011
Ways & Means, February 25, 2011

Title: An act relating to exempting institutions of higher education that do not use archives and records management services from payment for those services.

Brief Description: Exempting institutions of higher education that do not use archives and records management services from payment for those services.

Sponsors: Senators Tom, Hill, Kilmer and Shin.

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/09/11, 2/16/11 [DP].
Ways & Means: 2/25/11 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Tom, Chair; Shin, Vice Chair; Hill, Ranking Minority Member; Baumgartner, Becker, Ericksen, Kastama, Kilmer and White.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5517 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Brown, Hatfield, Hewitt, Keiser, Kohl-Welles, Pflug, Pridemore, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senators Fraser, Holmquist Newbry, Honeyford and Kastama.

Minority Report: That it be referred without recommendation.

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

Signed by Senators Parlette, Ranking Minority Member Capital; Baumgartner and Baxter.

Staff: Maria Hovde (786-7710)

Background: Under current Washington law, all public records must be and remain the property of the state of Washington. The term public records includes any paper, correspondence, completed form, bound record book, photograph, film, sound recording, map drawing, machine-readable material, compact disc, or other document, as well as copies that have been made by or received by any agency in connection with public business, and legislative records.

In order to insure the proper management and safeguarding of public records, the Division of Archives and Records Management is established in the Office of the Secretary of State. The Secretary of State and the Director of the Office of Financial Management must jointly establish a procedure and formula for allocating the costs of services provided by the Division of Archives and Records Management to state agencies.

Under RCW 28B.10.016, institutions of higher education are defined as the University of Washington (UW), Washington State University (WSU), Western Washington University (WWU), Central Washington University, Eastern Washington University (EWU), The Evergreen State College, the community colleges, and the technical colleges.

Summary of Bill (Recommended Substitute): Beginning January 31, 2012, the procedure and formula for allocating costs of services of the Division of Archives and Records Management provided to higher education institutions must be based on actual services and service hours rendered to each institution.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Beginning January 31, 2012, the procedure and formula for allocating costs of services of the Division of Archives and Records Management provided to higher education institutions must be based on actual services and service hours rendered to each institution.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Higher Education & Workforce Development): PRO: The UW does local management of archiving and record services. The university should pay for services rendered by the agency. In this case, the fees are generated by the number of employees. The potential savings to the UW is about \$500,000 a year. The community and technical colleges will save \$300,000 collectively. The colleges don't see per box charges because they maintain records on campus. Pierce College spends a little less than \$16,000 a year for full-time equivalent (FTE) charge. It does not store records

with the Division of Archives and Records Management. While the college does benefit from some services, but services don't match the amount that they pay. The savings could be translated to tuition for students.

OTHER: Archives and Records Management is charged with managing and archiving all public records in Washington State. These are historical and legal records. Four branch archives are located on university campuses. Archive collections and facilities are used on a regular basis by universities. Archives arranges for the retention and transfer of all records in state agencies. The division assists and trains local and state agencies on electronic records management. They've recently reduced billing fees and laid off staff as a result. If the universities do not use the services of the State Archives, the cost will be redistributed to other state agencies. There are two types of charges: a box charge for storing records, and a FTE, based on the assumption that all state employees generate records that must be managed.

Persons Testifying (Higher Education & Workforce Development): PRO: Margaret Shepherd, UW; Linda Schoonmaker, State Board for Community and Technical Colleges; Joann Wiszmann, Pierce College.

OTHER: Jerry Handfield, Office of Secretary of State, State Archives.

Staff Summary of Public Testimony on Original Bill (Ways & Means): PRO: The work of the Secretary of State is appreciated, but there are concerns with how the costs are allocated. The fees are based on an agency FTE charges and not on actual services rendered. UW has approximately 45,000 FTEs and pays a disproportionate amount for services we don't use or that are currently being done on the institution's campus. Currently, UW pays the Secretary of State \$591,000 annually. There is only one service that is required by state law that UW uses which is the tracking and approval of retention schedules. This bill would require UW to rightly pay that service which is estimated to cost approximately \$6,000 per year. We know this type of cost allocation model can work because in 2008 you directed the Department of General Administration to develop a cost recovery model for central services that equitably reflected the actual costs of services to state agencies. This bill would implement a more fair and transparent system for the state. This year higher education institutions need as much help as they can get. This bill is not at all a reflection of the service; it is purely a reflection of the financial circumstances we find ourselves in. This bill will also help WSU and The Evergreen State College reduce its costs, which are currently \$300,000 each year and \$16,000 each year, respectively.

CON: We are empathetic to the current budget situation but this bill is a neutron bomb approach. It assumes that the \$2.4 million in costs of the Division of Archives and Records Management will be moved to all other state agencies. The Secretary of State has a constitutional requirement to keep state records. The records managers of the institutions were unaware of this bill and there has never been any mention of any problems. The fees charged are based on actual costs and were established in the 1980s with the Office of Financial Management, and they are audited by the State Auditor. This bill would add the work of cost accountants. The institutions and the Secretary of State need predictability with the fee structure, and this bill is bad policy. The Senate pays \$6,000 a year for this service. The fee is applied evenly to every FTE in all of state government. There is no question that

UW , being a large agency, pays a substantial amount. However, this formula was set up 30 years ago. It is the job of the Secretary of State to ensure that the records of the state are safe, secure, and accessible to the people of the state. The fees pay for uniformity in the maintenance and destruction of the records and centralizes the storage of these records. It improves the trust between the citizens and government because the people know what is being done with their records. This bill will devastate and destroy the digital archives of EWU.

Persons Testifying (Ways & Means): PRO: Margaret Shepherd, UW; Chris Mulick, WSU.

CON: Sam Reed, Secretary of State; Jerry Handfield, State Archivist; Anthony Flynn, EWU faculty and on behalf of WWU faculty.