



STATE OF WASHINGTON

February 26, 2010

TO: Statewide Elected Officials
Agency Directors
Presidents of Higher Education Institutions
State Boards and Commissions

FROM: Victor A. Moore, Director
Office of Financial Management

Eva Santos, Director
Department of Personnel

**SUBJECT: IMPLEMENTATION INSTRUCTIONS RELATED TO SECTIONS 601-605
OF ENGROSSED SUBSTITUTE HOUSE BILL 2921**

Effective March 17, 2010, state agencies of the legislative, executive, and judicial branches are subject to a freeze on hiring, personal services contracts, equipment purchases, out-of-state travel, and out-of-state training not exempted by Engrossed Substitute House Bill 2921 (ESHB 2921) or the Office of Financial Management (OFM). We are writing to provide instructions to **executive branch agencies** for implementing this legislation.

Basic Provisions of ESHB 2921 – Spending Freeze

From March 17, 2010 through June 30, 2011, with one exception, all agencies of the executive branch – including higher education institutions, boards and commissions, and statewide elected officials – are prohibited from:

- filling new or vacant positions and creating new positions;
- entering into new personal services agreements or contracts (or contract amendments that increase costs);
- purchasing any item of equipment costing more than \$5,000; and
- out-of-state travel or out-of-state training.

Although many provisions are similar, the spending prohibitions contained in Sections 601 through 605 of ESHB 2921 differ from those enacted in 2009 (ESSB 5460 and HB 2328).

First, ESHB 2921 contains additional statutory exceptions. Exceptions to each spending prohibition are outlined in this memorandum. This legislation also authorizes the director of OFM to approve exemptions for these prohibitions for the critically necessary work of agencies. **If an agency director determines that an activity meets one of the specific exceptions identified in ESHB 2921, an exemption from OFM is not necessary.**

Second, exemptions to the freeze on hiring, personal services contracts, equipment purchases, out-of-state travel, and out-of-state training take effect five business days following notification to the Legislature. To accommodate this requirement, **you must submit exemption requests to the Department of Personnel (DOP) or Office of Financial Management at least ten business days in advance of the date in which you desire the exemption to take effect.**

Third, all approved exemptions will be posted to the www.fiscal.wa.gov website for public access and review. OFM will also post approved exemptions to its website on a weekly basis. Therefore, your exemption request forms must be complete, accurate, professional, and signed by the agency director. **Exemption requests that are not signed by the agency director will be returned to the agency.**

Lastly, agricultural commodity commissions and boards, and agricultural inspections operated by the Department of Agriculture, are not subject to the spending prohibitions contained in Sections 601 through 605 in ESHB 2921.

Exemption Process for Executive Agencies

OFM and DOP have exemption request forms on their websites. Exemption requests submitted to OFM or DOP must demonstrate the exemption is necessary to provide critical state services related to your agency's continuity of operations. Please send signed hiring freeze exemption forms to DOP at exemptionrequests@dop.wa.gov. Send all other signed freeze exemption request forms to OFM at exemptionrequest@ofm.wa.gov.

OFM will notify the Legislature of approved exemptions, which take effect five business days following notification. OFM will notify the requesting agency of an approved exemption at the same time OFM notifies the Legislature. Here is information related to each prohibition contained in ESHB 2921.

Hiring Freeze

From March 17, 2010 through June 30, 2011, state agencies are prohibited from filling new or vacant positions and creating new positions. The hiring freeze applies to all new hires, regardless of fund source or permanent/temporary status. Section 601 of ESHB 2921 (attached) lists the positions or activities not subject to the freeze.

The Department of Personnel (DOP) will review requests for hiring freeze exemptions (as was required under prior hiring freezes). Exemption requests must be completed on the form available on DOP's website at www.dop.wa.gov/hiringfreeze and **signed by the agency director** making the request. DOP will review requests and forward them with a recommendation to the director of OFM for final action.

DOP has additional information on its website at <http://www.dop.wa.gov/> that may respond to your questions. Please direct questions about the hiring freeze exemptions or other personnel or human resource management issues to Mike Sellars, DOP Deputy Director, at (360) 664-6348 or MikeS@dop.wa.gov.

Personal Services Contracts Freeze

From March 17, 2010 through June 30, 2011, entering into contracts and agreements for new personal services contracts, or amendments that increase contract costs, is prohibited except for those where the costs are:

- related to an emergency or other catastrophic event that requires government action to protect life or public safety;

- funded exclusively from private or federal grants;
- related to tax and fee collection, revenue generation, and auditing activities;
- for the review and research conducted by the joint transportation committee pursuant to RCW 44.04.300;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition;
- related to hearing officers;
- related to real estate appraisals or habitat assessments;
- related to carrying out a court order;
- related to information technology contracts related to an Information Services Board approved information technology project; or
- related to judicial information system technology projects.

Personal services contract exemption requests must be submitted to OFM on the form available at www.ofm.wa.gov/contracts/psc/default.asp. It must be **signed by the director of the agency** making the request and included with filed and reported contracts through OFM's Contract Services Office as is currently required. OFM contracting staff give close attention to these filings and reports and will work with your agencies as questions or concerns arise. Please direct questions about personal services contract exemptions to Becci Riley, OFM Contract Services Manager, at (360) 725-5514 or Becci.Riley@ofm.wa.gov.

Equipment Freeze

From March 17, 2010 through June 20, 2011, entering into contracts and agreements for equipment purchases is prohibited except for those where the costs are:

- for any single item under \$5,000;
- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- funded exclusively from private or federal grants;
- related to tax and fee collection, revenue generation, and auditing activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition;
- necessary for the completion of a project found in the omnibus capital or transportation appropriation acts;
- for the operational divisions of the Department of Information Services;
- related to the continuation, renewal, or establishment of maintenance for existing computer software licensing and existing computer hardware; or
- related to judicial information system technology projects.

Equipment means furniture, equipment, and software typically accounted for in Objects JB, JC and JQ noted in Section 75.70.10 of the State Administrative and Accounting Manual. The prohibition covers both purchases and leases of equipment (Object EH). Requests for exemptions from the equipment freeze must be submitted to OFM on the form available at www.ofm.wa.gov/exemptionrequests. It must be **signed by the director of the agency** making the request. Please direct questions about the equipment freeze to Julie Murray, OFM Legislative Director, at (360) 902-0647 or Julie.Murray@ofm.wa.gov.

Out-of-State Travel or Out-of-State Training Freeze

Expenditures and reimbursement for out-of-state travel or out-of-state training taking place between March 17, 2010 and June 30, 2011 are prohibited except for those where the costs are:

- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- related to direct service delivery (e.g., movement of prisoners);
- funded exclusively from private or federal grants;
- tax and fee collection, revenue generation, and auditing activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition;
- for the unemployment insurance program of the Employment Security Department;
- related to carrying out a court order;
- for travel by air into Washington state from the Vancouver airport; or
- for motor vehicle and parking costs for single day travel to Idaho, Oregon, or British Columbia, Canada.

Requests for exemptions from the out-of-state travel and out-of-state training freeze will be submitted to OFM on the form available at www.ofm.wa.gov/exemptionrequests. It must be **signed by the director of the agency** making the request. Please direct questions about the out-of-state travel and training freeze to Julie Murray, OFM Legislative Director, at (360) 902-0647 or Julie.Murray@ofm.wa.gov.

Publishing Approved Exemptions

Approved exemptions will be published electronically at least quarterly by OFM on the state fiscal website. OFM will work with the Legislative Evaluation & Accountability Program, which administers www.fiscal.wa.gov, to publish the information weekly. Approved exemptions will be available to the public as a .pdf document, and will also be posted on OFM's website.

Special Instructions to Institutions of Higher Education

The State Board of Community and Technical Colleges will be coordinating exemption requests for community and technical colleges. For four-year universities and colleges, please contact Andrea Duane, OFM Executive Receptionist, at (360) 902-0534 or Andrea.Duane@ofm.wa.gov to provide us with the name of a single person within your institution that is authorized to sign exemption requests for your institution. Exemption forms that do not contain the institution's authorized signature will be returned to the institution.

Thank you for your assistance in following these procedures to implement Engrossed Substitute House Bill 2921. **Please consult the OFM and DOP websites for the "Frequently Asked Questions" materials before contacting staff.**

ENGROSSED SUBSTITUTE HOUSE BILL 2921

NEW SECTION. Sec. 601. NEW HIRES.

(1) From the effective date of this section until July 1, 2011, state agencies of the legislative, executive, and judicial branches shall not establish new staff positions or fill vacant existing staff positions except as specifically authorized by this section.

(2) The following activities of state agencies are exempt from subsection (1) of this section:

(a) Direct custody, supervision, and patient care in corrections, juvenile rehabilitation, institutional care of veterans, the mentally ill, developmentally disabled, state hospitals, the special commitment center, and the schools for the blind and the deaf;

(b) Direct protective services to children and other vulnerable populations in the department of social and health services;

(c) Washington state patrol investigative services and field enforcement;

(d) Hazardous materials response and emergency cleanup;

(e) Emergency public health and patient safety response and the public health laboratory;

(f) Military operations and emergency management within the military department;

(g) Firefighting;

(h) Enforcement officers in the department of fish and wildlife, the liquor control board, the gambling commission, and the department of natural resources;

(i) Park rangers at the parks and recreation commission;

(j) Seasonal employment by natural resources agencies to the extent that employment levels do not exceed the prior fiscal year;

(k) Seasonal employment in the department of transportation maintenance programs to the extent that employment levels do not exceed the prior fiscal year;

(l) Employees hired on a seasonal basis by the department of agriculture for inspection and certification of agricultural products and for insect detection;

(m) Activities directly related to tax and fee collection, revenue generation, auditing, and recovery;

(n) In institutions of higher education, any positions directly related to academic programs, as well as positions not funded from state funds or tuition, positions that are filled by enrolled students at their own institution as student workers, positions in campus police and security, positions related to emergency management and response, and positions related to student health care and counseling;

(o) Operations of the state lottery and liquor control board business enterprises;

(p) The unemployment insurance program of the employment security department; and

(q) Activities that are necessary to receive or maintain federal funds by the state.

(3) The exemptions specified in subsection (2) of this section do not require the establishment of new staff positions or the filling of vacant existing staff positions in the activities specified.

(4) Exceptions to this section may be granted under section 605 of this act.