



STATE OF WASHINGTON

February 20, 2009

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

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

Handwritten signature of Victor A. Moore in black ink.

Eva Santos, Director
Department of Personnel

Handwritten signature of Eva Santos in black ink.

**SUBJECT: IMPLEMENTATION INSTRUCTIONS RELATED TO ENGROSSED
SUBSTITUTE SENATE BILL 5460 FOR EXECUTIVE BRANCH AGENCIES**

Effective February 18, 2009, all state agencies of the legislative, executive, and judicial branches are subject to an immediate freeze on hiring, personal services contracts, equipment purchases, out-of-state travel, and training not exempted by Engrossed Substitute Senate Bill 5460 (ESSB 5460) or the Office of Financial Management (OFM). In addition, exempt and Washington Management Service (WMS) employees may not receive salary or wage increases until February 18, 2010.

We are writing to provide instructions to **executive branch agencies** for implementing ESSB 5460.

Basic Provisions of ESSB 5460

Agencies cannot grant any salary or wage increases for individuals in exempt and WMS positions until February 18, 2010.

From February 18, 2009 through June 30, 2009, 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 equipment costing more than \$5,000; and
- authorizing out-of-state travel or training.

The law provides exceptions for each prohibition as outlined below. It 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 ESSB 5460, an exemption from OFM is not necessary.**

Exemption Process for Executive Agencies

Exemption requests submitted to OFM must demonstrate the exemption is necessary to providing critical state services related to your agency's continuity of operations. OFM will notify the Legislature of all 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 ESSB 5460.

Salary Freeze

Positions exempt from classification under the State Civil Service Act and Washington Management Service positions will not receive any salary or wage increases until February 18, 2010. This prohibition includes bonuses and performance pay. There are no exemptions to the salary freeze.

Hiring Freeze

The hiring freeze applies to all new hires, regardless of fund source or permanent/temporary status. Section 6 of ESSB 5460 (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 the Governor's August 2008 directive). Exemption requests must be completed on the form available on DOP's website at <http://www.dop.wa.gov/Resources/Forms/>, 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/>. Please direct questions about the salary freeze, 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

Until July 1, 2009, entering into contracts and agreements for new personal service contracts, or amendments that increase contract costs, 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;
- 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; or
- for the unemployment insurance program of the Employment Security Department.

Personal services contract exemption requests should continue to be filed and reported 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 staff as questions or concerns arise. Please direct questions about personal services contract exemptions to Susan Johnsen, OFM Contract Services Manager, at (360) 725-5258 or Susan.Johnsen@ofm.wa.gov.

Equipment Freeze

Until July 1, 2009, entering into contracts and agreements for equipment purchases is prohibited except for those where the costs are:

- 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; or
- for the unemployment insurance program of the Employment Security Department.

Equipment means furniture, equipment, and software typically accounted for in Object JC (noted in Section 75.70.10 of the State Administrative and Accounting Manual). Requests for exemptions from the equipment freeze must be submitted to OFM on the form available at <http://www.ofm.wa.gov/ExemptionRequests/RequestForm.doc>. 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 Training Freeze

Until July 1, 2009, expenditures and reimbursement for out-of-state travel or training 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; or
- for the unemployment insurance program of the Employment Security Department.

Requests for exemptions from the out-of-state travel and training freeze will be submitted to OFM on the form available at <http://www.ofm.wa.gov/ExemptionRequests/RequestForm.doc>. 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.

Thank you for your assistance in following these procedures to implement Engrossed Substitute Senate Bill 5460. The OFM and DOP websites both will have additional information (“frequently asked questions”) to provide further assistance to agencies in this effort.

ENGROSSED SUBSTITUTE SENATE BILL 5460

NEW SECTION. Sec. 6. STATE EMPLOYMENT.

(1) From the effective date of this section until July 1, 2009, and consistent with the governor's directive dated August 4, 2008, 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;

(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 10 of this act.