Additional Guidance on ESSB 5460 "Belt Tightening" Implementation

This message is being sent to the Presidents and to the Business Officers. Please feel free to distribute as needed.

Attached are documents providing guidance on the implementation of ESSB 5460, the “belt tightening” bill signed by the Governor last week. One document contains guidance from the State Board office to the community and technical colleges, including questions we’ve received from colleges and our responses. There also is a matrix showing how each fund type is impacted by the various types of freeze in ESSB 5460.

The other two documents are guidance provided by OFM to state agencies generally. OFM’s guidance is applicable to the colleges, except that colleges should route all exemption requests to the State Board office.

For all other implementation questions, we request that they be funneled through one point of contact at your college (or two to allow for the specialized language of HR folks). This will help us all better manage the implementation of this legislation.

Please contact any of our “Freeze Implementation Team” with questions or concerns.
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1. Under the terms of ESSB 5460, when can a personal service contract be awarded?

ESSB 5460 provides that personal service contracts will only be awarded when related to an emergency or other catastrophic event that requires government action to protect life or public safety. The bill, however, also authorizes personal service contracts that meet one of the following exceptions:

1) Funded exclusively from Private Funds  
2) Funded exclusively from Federal Funds  
3) Costs are for Tax Collection  
4) Costs are for Fee Collection  
5) Costs are for Revenue Generation  
6) Costs are for Auditing activities  
7) Costs are necessary to receive federal funds  
8) Costs are necessary to maintain federal funds  
9) Higher Education Only - Costs are not funded from state funds or tuition  
10) Employment Security Department Only – Costs related to the Unemployment Insurance Program

The above exceptions of contracts will be filed as usual with OFM per chapter 39.29. RCW.

In addition, the bill authorizes the director of OFM to grant exemptions for “critically necessary work of an agency”. Approval for contracts granted an exemption based upon the work being “critically necessary” will be forwarded by OFM to the chair and ranking member of the Ways and Means Committees of the House of Representatives and the Senate.

2. In light of ESSB 5460, what will change about how agencies file personal service contracts with OFM?

Agencies will need to determine whether a personal service contract or an amendment adding dollars fits the criteria of an “emergency” or “catastrophic” event, or if it meets one of the exceptions allowable under the bill. If it does, the personal service contract or amendment is still required to be filed according to the current categories of sole source, competitive and emergency contracts.

**Emergency Filing.** If the agency determines the contract satisfies the requirement of an “emergency” or “catastrophic event,” it should be filed as an emergency contract.
The filing justification must include the currently required background to explain the emergency. It should also clearly and fully explain why other alternatives were not available and any other facts that fully support the emergency award.

**Exceptions to the Contract Freeze.** If the agency believes its contract or amendment fits one of the contract exceptions under ESSB 5460, then the contract or amendment must be filed with a complete explanation as to which of the exceptions listed in Question 1 the agency considers applicable, e.g., funded from federal funds, revenue generating, tax collection, required to receive federal funds, etc.

For new contracts, include the explanation as part of the “Specific Problem or Need” section in the Personal Service Contract Database (PSCD). If the filing is an amendment, include the explanation in the Contract Amendment section of PSCD that references: “State the rationale for executing the amendment”.

Include clear language such as: “This contract fits the exception in ESSB 5460 of being revenue generating . . . .” Then provide further explanatory detail as applicable.

If OFM does not concur that the contract fits the criteria of an emergency or catastrophic event or that it is allowable under one of the bill categories, the filing will be disapproved and/or returned to the agency. Also, if the filing is submitted incomplete and/or does not provide a clear and thorough justification, in light of ESSB 5460, OFM will return or disapprove it.

**Exemption Request.** When a contract or amendment is not an emergency or catastrophic event and does not fit one of the authorized exceptions, the agency must take one of two actions:

1. If the contract is subject to filing, submit the request for exemption as part of the filing process; or
2. If the contract is not subject to filing, prepare and submit the Personal Service Contract Freeze Exemption Request Form directly to: OFM.contracting@ofm.wa.gov.

The request for exemption is to include a thorough explanation as to why the services are “critically necessary”. If OFM concurs with the request, information about the contract/amendment will be forwarded to the chair and ranking minority member of the Ways and Means Committees of the House of Representatives and the Senate. **No work can proceed on the contract until five business days after notification by OFM to the Legislature.** OFM will adjust the start date of the filing to ensure it satisfies the five-business day notification period, or OFM will indicate the earliest contract start date on the approved Exemption Request Form and return it to the agency.
3. Are the exemptions in RCW 39.29.040 from the personal service contract requirements still “exempt” under ESSB 5460?

Most but not all. Personal service contracts of less than $5,000 are not considered exempt for the purposes of ESSB 5460 and will require OFM approval through the exemption request process referenced in Answer 2 for contracts/amendments that are not required to be filed. The other categories of contracts listed as exempt from personal service requirements in RCW 39.29.040 are still exempt with passage of ESSB 5460, as listed below.

- Contracts awarded for services to be performed for a standard fee
- Services where the tariff is established by the Washington Utilities and Transportation Commission or other public entity;
- Intergovernmental agreements;
- Contracts for conduct of collaborative research;
- Client service contracts;
- Architectural/engineering contracts (per chapter 39.80 RCW);
- Expert witness contracts;
- Bank supervision contracts;
- Interpreter services and interpreter brokerage services on behalf of limited-English speaking or sensory-impaired applicants and recipients of public assistance

In addition, ESSB 5460 also does not apply to purchased service contracts.

4. For the purposes of ESSB 5460, what is the definition of an emergency or catastrophic personal service contract?

The definition of emergency remains the same as currently stated in SAAM Policy 15.30.40. Emergency or catastrophic personal service contracts are those that require immediate government action to protect life or public safety. They are awarded to prevent material loss or damage to property and to prevent bodily injury or loss of life if immediate action is not taken. As stated previously, these contracts still must be filed with OFM and must contain thorough justification about the emergent or catastrophic circumstance. For emergency contracts, filing may occur three business days following the date of contract execution or start of work, whichever occurs first.

5. Are zero cost amendments to existing personal service contracts also subject to ESSB 5460?

Because the bill was passed to reduce spending, zero cost amendments will generally be acceptable if they don’t indirectly obligate future costs. Deduct amendments are also, of course, acceptable for processing and filing with OFM.
6. Are 2nd-tier work orders awarded under existing master personal service contracts held by the Department of General Administration, the Department of Information Services, the Department of Personnel or the Department of Printing included? May work be authorized under an agency’s existing convenience contracts under ESSB 5460?

Work awarded via a 2nd-tier process under a master or convenience personal service contract is subject to the terms of ESSB 5460. Therefore, prior to executing any type of 2nd-tier work order, agencies will need to:

1) Determine if the 2nd-tier contract services fit under one of the exception categories in Q&A 1;
2) If so, request an exemption for the 2nd-tier contract; or
3) Decide not to proceed with the contract services.

If a master or convenience contract is amended to add funding, the amendment is, of course, subject to the terms of the bill and to filing with OFM.

7. Are personal service contracts that are required to be “reported to” OFM rather than “filed with” OFM subject to ESSB 5460?

Yes. That means each personal service contract subject to reporting must also be analyzed prior to award to determine whether it fits one of the bill exceptions. If it does, the contract can be reported as usual. If it does not, there are two options: 1) do not award the contract; 2) if the work is determined to be critically necessary, complete the Personal Service Contract Exemption Request form and submit it to the OFM Contract Services Office (email address is on the form) with clear explanation as to why the contract is deemed “critically necessary”.

For state agencies, the personal service contract reporting category is:

- Competitively awarded personal service contracts in the amount of $5,000 to $19,999.

For institutions of higher education, the personal service contract reporting categories are:

- Competitively awarded personal service contracts in the amount of $5,000 - $19,999.
- Competitive personal service contracts and amendments in the amount of $20,000 or more, which are funded by dollars other than state funds, or that include less than $20,000 in state funds.
- Sole source contracts and amendments in the amount of $5,000 or more, which are funded by dollars other than state funds, or that include less than $5,000 in state funds.
• Emergency contracts of $5,000 or more, which are funded by dollars other than state funds, or that include less than $5,000 in state funds.

8. **For the purposes of this bill, what are “private” funds?**

For personal service contracting, the terms “private” funds and “other” funds may be used interchangeably. “Other” is one of the fund source selections for filing personal service contracts. This category includes any funds that are not federal or state.

9. **What will OFM’s process be for reviewing/approving the contract exemption requests?**

Once a week, requests for exemption for contracts will be presented to the OFM Director. (The meetings are currently scheduled on Fridays.) At the same time, he will be reviewing the other exemption requests for equipment and out-of-state travel and training. Those that are approved will be forwarded to the Ways and Means Committees of the Senate and House of Representatives. No work can proceed on the contract until five business days after notification by OFM to the Legislature.

The OFM Contract Services Office (CSO) will notify agencies of the approvals and when contract work may begin, based on the five-working day notification. If a request is not approved, CSO will notify agencies immediately either through PSCD for filed contracts or by returning the Exemption Request form.

10. **Can the Legislature disapprove an exception once it is made?**

No. However, agencies should be mindful that the notification process will likely generate more inquiries by legislators, staff, media and the public about exemption requests.
Provisions of ESSB 5460 "Belt Tightening"

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Notes:
(1) **Salary freeze** is until Feb. 18, 2010. It does not apply to classified staff at state agencies or at community colleges. It does not apply to step or salary increases provided in existing CBAs and not otherwise prohibited by statute.

(2) **State Funds and Tuition Funds**
- 001 General Fund-State
- 08A Education Legacy Trust
- 120 Admin Contingency Account
- 489 Pension Funding Stabilization Account
- 149 Operating Fees
- 060 Building Fees

(3) **Examples of Local Funds**
- 145 Grants and Contracts Account
- 147 Plant Account
- 148 Dedicated Student Fees Account
- 522 Student Activities Fund
- 524 Bookstore Fund
- 528 Parking

(4) Positions **directly related to academic programs** are exempt from the hiring freeze. "Academic programs" include academic, workforce, basic skills instructional programs.
General Guidance

The intent of the legislature in enacting ESSB 5460 is to halt certain activities in order to reduce current year spending. The legislation includes some special exemptions for higher education, but it does not exempt us altogether. As a system we need to honor the spirit and intent, as well as the letter, of this new law in order to maintain our good relations with the legislature and with the public.

The legislation freezes most spending on personal service contracts, equipment costing more than $5,000, out-of-state travel, and hiring. These freezes will be in effect until July 1, 2009 — a little more than four months.

The legislation allows the use of local funds (see Q&A item #6 below for more information) for hiring, out-of-state travel, personal service contracts, and equipment. However, decisions regarding the use of local funds for these purposes should be made cautiously. When making such decisions, the colleges are strongly encouraged to consider the short duration of the freeze and the potential ramifications of using local funds to pay for an activity that would otherwise be prohibited.

Provisions of ESSB 5460

Limits on salary increases. All positions exempt from Civil Service Law are prohibited from receiving salary increases until February 18, 2010, regardless of fund source. The types of positions that are exempt from Civil Service provisions and therefore are prohibited from receiving salary increases include faculty, exempt employees, temporary/hourly employees, student employees and technical college classified staff. However, salary increase and step increases in existing CBAs must be honored - please see item #1 in Q&A below.

The following provisions are in effect until July 1, 2009. Exemption requests should be routed through State Board office staff.

- **Hiring Freeze:** Except for positions “directly related to academic programs,” vacancies and new positions supported by state funds or tuition cannot be filled.

- **Personal Services Contracts Freeze:** State agencies and institutions are prohibited from entering into a contract or other agreement for the acquisition of personal services using state funds or tuition. The freeze does not apply to contracts or agreements where the costs are funded exclusively from private or federal grants, where the costs are necessary to receive or maintain federal funds, or where the costs are paid with local funds.

- **Out-of-State Travel and Training:** State agencies and institutions are prohibited from making expenditures using state funds or tuition for out-of-state travel and out-of-state training. The freeze does not apply to expenditures from private or federal grants, or from local funds.
- **Equipment Purchase Freeze:** State agencies and institutions are prohibited from entering into any contract or other agreements for the acquisition of any equipment costing more than $5,000 in state funds or tuition. The freeze does not apply to purchases necessary for maintaining federal funds, or purchases paid with local funds.

**Exemptions:** Exemptions to the hiring, personal services, travel/training and equipment freezes can be granted by the director of OFM. The community and technical colleges should submit requests for exemptions to the State Board office, and the State Board will work with OFM to get exemptions on behalf of the colleges.

**Q&A on Implementation**

**Salary Freeze**

1. **Are there exemptions to the salary freeze?**

   Yes. In addition to classified staff at community colleges, salary increases provided in existing Collective Bargaining Agreements (CBAs) must be honored. Generally, a college must continue to honor its contractual obligations until the contract expires and then it must re-negotiate the contract terms consistent with existing laws. A college should review the CBA to ensure it is obligated and there are no dependency references – e.g., “this increase is dependent upon Legislative action or funding.” If your CBA includes this kind of language, then you are not obligated and the legislation prohibits such increases for the next 12 months.

2. **Are technical college classified employees impacted by the salary freeze?**

   Yes. The bill specifies there are to be no salary increases for one year for any employee exempt from the civil service law (Chapter 41.06 RCW). Classified staff at technical colleges are exempt from Chapter 41.06 RCW, and are therefore subject to the salary freeze. However, salary increases and step increases in CBAs in effect on February 18, 2009 must be honored. Contracts negotiated after February 18, 2009 must be consistent with the prohibitions in ESSB 5460.

3. **Our negotiated agreement stipulates that once faculty members receive tenure they receive a one-step increase. If any faculty members are granted tenure in the next 12 months, can they receive the increase as provided in the contract?**

   Yes. See response to question 1 above.

4. **Some CBAs at technical colleges provide for technical college staff step increases. In such a case, can these employees receive salary increases?**

   Yes. See responses to questions 1 and 2 above.

5. **Can salary increases be provided for employees paid with funds other than state or tuition funds?**

   No. The salary freeze applies to all fund sources.
Funds Subject to Hiring, Personal Services, Out-of-State Travel, and Equipment Freezes

6. The hiring, equipment purchase over $5000, personal services contracts, and out-of-state travel freezes apply to expenditures made with state and tuition funds. Are there other funds the colleges may use to make these expenditures?

Yes, the colleges may use local, private or federal funds to make expenditures on hiring, equipment purchases, personal services contracts and out of state travel. Local funds include, but are not limited to, fund 148 (dedicated local account), fund 145 (Grants and Contracts, see note below*), and fund 522 (Student Activities Fund).

In addition, colleges may make expenditures for activities that are necessary to receive or maintain federal funds.

The legislation also allows personal services contracts and out of state travel funded exclusively from private or federal grants. This exception is not provided in the legislation for equipment purchases or hiring.

Expenditures from the following state and tuition funds are subject to the freeze:
- 001 (General Fund-State)
- 08A (Education Legacy Trust Account)
- 120 (Administrative Contingency Account)
- 489 (Pension Funding Stabilization Account)
- 149 (Operating Fee Account)
- 060 (Capital Projects Account)

* Job Skills and Customized Training program funds are subject to the freeze even though they are accounted for by the colleges in fund 145. SBCTC will be seeking an exemption from the freeze for these programs.

Hiring Freeze

7. ESSB 5460 says that vacancies and new positions supported by state funds or tuition cannot be filled unless they are “directly related to academic programs.” What does “directly related to academic programs” mean?

Positions directly related to all instructional programs are exempt from the hiring freeze. “Academic programs” refers to any instructional program, including academic, workforce and basic skills. Positions directly related to academic programs could include instructors, counselors, librarians, tutors, and program coordinators.

The further the position is from actual instruction, the exemption becomes less clear. The types of positions in this gray area would include division chairs, deans, and academic VPs. The college should consider waiting until after the freeze is lifted July 1, 2009 to fill such positions. When in
doubt, submit an exemption request to the State Board and we can help determine whether it needs to be forwarded to OFM.

8. Can we fill part-time positions?

The same rules apply to part-time positions as to full-time positions:

- If you are simply renewing a contract, with no increases, you can proceed because the position is not vacant and already exists.
- If the part-time employee works within the college’s academic program, they are exempt from the prohibition on new hires and vacancy filling.
- If the part-time employee is paid from non-state or non-tuition funds (e.g., bookstore, parking fund, etc.), you can proceed to fill the vacancy or create the new position.

9. I have an interim person in a position that is funded with state funds and is not directly related to academic programs. The position has been advertised and interviews were to be conducted in the next two weeks. We planned on replacing the interim person with a FT permanent person in the near future. Can I continue the recruitment process and fill it with a permanent position?

Your position would be considered a vacant position, even though it is currently filled with an interim appointment.

10. We have made an offer to someone to fill a position that is funded with state funds and is not directly related to academic programs. Can we proceed with the hire?

A similar question was asked during the Governor’s staff meeting last week. The response from Victor Moore and Marty Brown was along the lines “. . . if you’ve made an offer and it’s been accepted, then you’ve already filled the position . . . if you made the offer and it has not yet been accepted, then you should withdraw the offer.” Clearly, OFM is going to be taking a hard line on new hires.

Out-of-State Travel and Training

11. If we have already purchased airline tickets and paid conference fees for out-of-state travel that will occur prior to June 30, can the travel take place or must we seek an exemption?

If the travel is funded from state or tuition funds, you must first get an exemption. OFM’s guidance says if funds have already been spent on travel that is non-refundable, include that information in the exemption request.

12. Our faculty CBA calls for providing professional development funds to faculty. We have approved out-of-state travel supported by these funds. Can our faculty still travel out-of-state using these professional development funds?
No, not without an exemption. Although the out-of-state travel is pursuant to provisions of the CBA, the CBA does not specifically guarantee that the professional development be conducted out-of-state.

**Equipment**

13. **Does the $5,000 equipment purchase threshold apply against the cost of the equipment before or after taxes, freight, etc.?**

For purposes of the freeze, it is the final cost to the college including applicable taxes, freight or installation charges that must be considered.

14. **I have two equipment bids in process. The bids are out on the street and due in the next week. Can I proceed with these since they were approved by Cabinet and already let out on the street?**

The legislation stops both of these because they exceed $5,000 and were not completed prior to the effective date of the legislation. If you feel these are mission critical before June 30, 2009 we can help with the application for the exemption. If you can wait until after July 1 you may want to continue the process but amend the bid award date to be after July 1. That way you can be ready once the restriction is lifted.

15. **Can we renew support and maintenance contracts, e.g. server support, anti-virus software, Campus Agreement, or software and support items under the bill?**

The freeze applies to the purchase of a software license that (1) costs more than $5,000, (2) is made with state funds or tuition, and (3) is appropriately coded to Sub-Object JC.

A renewal of software licensing/maintenance agreement is not subject to the freeze (per OFM definitions, these purchases should not be coded to Sub-Object JC).

(Note: There are helpful descriptions of software classifications in the FAM 10.30.50.d.13. Many colleges are using the optional K object classifications in FMS. Purchases coded to KC and KD using state or tuition funds are subject to the freeze.)

16. **Are Worker Retraining Program funds, Job Skills Program grants, and Customized Job Skills grants subject to the equipment freeze?**

Worker Retraining funds are subject to the freeze because they are state funds allocated to the colleges and spent as 001 or 08A funds. The college should seek an exemption before purchasing equipment costing more than $5,000 with WRT dollars.

Job Skills Program grants and Customized Job Skills grants are also state funds provided to the colleges, but they are provided as grant and are accounted for by the colleges in fund 145. Until an exemption is granted by OFM, the freeze would apply to these funds.

17. **Are equipment purchases limited to $5,000 per unit or per order? For example if we order 10 PC’s at $1,000 each is that ok even though the total is over $5,000 but the unit cost is under $5,000?**
The $5,000 threshold for equipment applies to a single item. However, OFM has advised cabinet agencies that they will scrutinize purchases of, for example, 12 laptops costing $1,000 each. The colleges are advised not to make such purchases without considering potential ramifications.

18. **Must colleges seek an exemption for minor works preservation (RMI) and repair projects funded with Tuition Building fees that have unit item equipment purchases greater than $5,000?**

   Yes, if the college is generating a purchase order paid with state funds (001, 08A, 120) or tuition building fees (149 or 060) for equipment items exceeding $5,000 and where the equipment is appropriately accounted for in Object JC.

   No, if the college is contracting for repairs and improvement that will be accounted for under the accounting Sub-Object Code JF Buildings. In addition, use of non-state resources to purchase equipment is exempted.

19. **Must a college seek an exemption for equipment purchases made with capital funds associated with a major capital project?**

   Yes, if the purchase is made using appropriated capital funds (fund 057 or 357). We will seek an exemption from OFM for equipment purchases made with capital funds.

   No, if the purchase is made using non-state funds and non-tuition revenue (any fund other than 001, 08A, 120, 149, and 060).
Implementing the 2009 Freeze on Equipment, Out-of-State Travel, and Training

Q&A

Note: If an agency director determines an activity meets one of the specific exceptions identified in ESSB 5460, an exemption from OFM is not necessary. (See questions 2 and 16 below.)

Freeze on Equipment

1. Does the equipment freeze apply to purchases from all fund sources?

Yes, unless they are non-state higher education or tuition funds. With this one exception, the only automatic exemptions relate to the activities listed below (Question 2) and in the implementation memorandums of February 20 (and February 23) – regardless of the type of fund source. Any other exemptions require a request to the Office of Financial Management (OFM).

2. Are there any automatic exemptions from the equipment freeze?

Yes. The following equipment purchases are exempt from the freeze:

- purchases costing under $5,000;
- related to an emergency or other catastrophic event that requires government action to protect life or public safety;
- 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.

3. What is considered equipment?

By equipment we mean furniture, equipment, and software typically accounted for in Object JC (as defined in the State Administrative and Accounting Manual). Orders of furniture, equipment and software in excess of $5,000 that do not meet the automatic exemption criteria above must receive pre-approval from OFM.

4. Many vendor quotes have a 30–60 day expiration. How can we make sure requests are processed within an adequate timeframe to complete the purchase prior to expiration of the quote?

OFM will review exemption requests weekly. Agencies are encouraged to provide thorough and complete exemption requests to expedite the review process.

5. Must agencies seek exemptions before contacting the Department of General Administration or Department of Information Services to execute a purchase of equipment over $5,000?

Unless the purchase is automatically exempt, the agency must seek pre-approval from OFM.

6. Does the $5,000 threshold for the pre-approval of equipment purchases refer to a single item, or to aggregate expenditures for equipment?

The $5,000 threshold for equipment purchases applies to a single item. However, OFM will be watching equipment expenditures. So if, for example, an agency director approves the individual...
purchases of 12 laptops that cost $1,000 each, then the agency may have to answer questions about whether it was an essential purchase.

7. Must an agency request an exemption to purchase equipment over $5,000 if they had already signed a contract for the purchase prior to February 18, 2009?

No. Agencies are required to request an exemption as outlined in the February 20, 2009 memo prior to entering any new obligations with a vendor.

8. Must an agency request an exemption for equipment contract amendments?

If the amendment would result in a purchase of a single item of equipment that exceeds $5,000, the agency would need to apply for an exemption.

9. Must an agency request an exemption to purchase service contracts for equipment?

No. The freeze applies to purchases of equipment. It does not apply to costs related to servicing equipment such as installation, repair, and maintenance charges.

10. Must an agency request an exemption when the purchase is for equipment and services totaling over $5,000?

Yes.

11. Does an agency have to request an exemption if the contract with the vendor was signed before February 18, 2009, but the equipment has yet to be delivered?

The agency does not need to request an exemption. The freeze applies only to contracts or agreements signed after February 18, 2009.

12. Are exemptions needed for equipment leases that are funded by a State Treasurer’s Certificate of Participation?

Yes, unless the equipment purchase is automatically exempt (see question 2).

13. Does this freeze on equipment apply to all branches of state government? including CTCs

Yes. Exemptions for executive branch agencies must be approved by OFM prior to the purchase. For judicial and legislative agencies, exemptions are subject to approval of the Chief Justice of the Supreme Court and either the Chief Clerk of the House of Representatives or Secretary of the Senate, respectively.

The CTCs should send requests for exemptions to the State Board office.

14. Does the freeze apply to state agency brokered acquisitions on behalf of customers (such as local governments, non-profits, and tribal entities) not affected by the freeze?

No.

Freeze on Out-of-State Travel and Training

15. Does travel to Portland, Oregon and/or British Columbia require pre-approval by OFM?

Yes. Travel outside the boundaries of Washington requires pre-approval.
16. Are there any automatic exemptions from the out-of-state travel and training freeze?

Yes, the following are exceptions from this freeze:

- 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, school children, clients);
- 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.

17. Does the travel and training freeze apply to purchases from all fund sources?

No. Out-of-state travel and training funded exclusively from private or federal grants are automatically exempt from the freeze. Additionally, for institutions of higher education, travel or training not funded from state funds or tuition are automatically exempt. Out-of-state travel or training purchased with all other fund sources are subject to the freeze.

18. What if I already travelled before the freeze went into effect? Will I be reimbursed?

The freeze applies to out-of-state travel and training that occurs after February 18, 2009. Costs incurred prior to that date will be reimbursed in accordance with state travel policies.

19. What if I have already made plans for out-of-state travel after February 18, 2009? What if I already bought the airplane ticket or paid for the training? Do I need to request an exemption?

Yes. Unless the activity is automatically exempt, you must apply for an exemption. If funds have already been expended on travel or training that is non-refundable, that information should be included in the request for exemption.

20. Out-of-country travel currently requires approval by the Governor’s Office. Do we also need to apply to OFM for an exemption from the out-of-state travel freeze?

Yes. You should apply for an exemption from OFM before you seek approval from the Governor’s Office.

21. Does this freeze apply to all branches of government?

Yes, see answer to question 13.

Exemption Process

22. How does my agency request an exemption?

Memos containing implementation instructions were sent to agencies on February 20 (with a correction on February 23). They are posted on our website. Requests must be made on the form found at www.ofm.wa.gov/ExemptionRequests/RequestForm.doc.

23. How will an agency be notified if its exemption request has been approved or denied?

OFM will notify the director of the requesting agency of all approved and denied exemption requests.
24. Can we purchase equipment or travel out of state once we receive an approved exemption from OFM?

The Legislature must be notified of all exemptions granted and such exemptions are not effective until five business days after notification is provided.

25. Can the Legislature disapprove an exception once it is made?

No. However, agencies should be mindful that the notification process will likely generate more inquiries by legislators, staff, media and the public about exemption requests.