
SUBSTITUTE HOUSE BILL 1969

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Government Operations (originally sponsored by Representatives Reams, L. Thomas, McMorris, Sherstad, Dyer, Goldsmith, McMahan and Stevens)

Read first time 03/21/95.

1 AN ACT Relating to competitive strategies in the delivery of
2 government services; amending RCW 41.06.380; adding a new section to
3 chapter 28A.400 RCW; creating new sections; repealing RCW 28A.400.285
4 and 41.06.382; providing an effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature that:

7 (1) All agencies, departments, offices of elective or appointed
8 state officers, state institutions, colleges, universities, community
9 colleges, technical colleges, college districts, public school
10 districts, the supreme court, the court of appeals, and any other state
11 entity receiving appropriations from the legislature deliver high
12 quality services to the people of the state of Washington in the most
13 efficient and cost-effective manner possible;

14 (2) The director of general administration, through the state
15 purchasing and material control director established in RCW 43.19.180,
16 be provided the highest level of flexibility in the purchase of all
17 materials, supplies, services, and equipment necessary for the
18 efficient support, maintenance, repair, and use of all agencies and
19 departments under RCW 43.19.190;

1 (3) State agencies, departments, and institutions consider and use
2 as often as possible strategies that foster cost control, innovation,
3 and increased quality or level of service through the use of
4 competition in the purchase or delivery of services.

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

7 ~~((Nothing contained in this chapter shall prohibit any department,~~
8 ~~as defined in RCW 41.06.020, from purchasing services by contract with~~
9 ~~individuals or business entities if such services were regularly~~
10 ~~purchased by valid contract by such department prior to April 23, 1979:~~
11 ~~PROVIDED, That no such contract may be executed or renewed if it would~~
12 ~~have the effect of terminating classified employees or classified~~
13 ~~employee positions existing at the time of the execution or renewal of~~
14 ~~the contract.))~~ (1) An agency, institution of higher education, or
15 related board, as defined in RCW 41.06.020, may purchase services or
16 the delivery of services through contracts with individuals, nonprofit
17 organizations, businesses, or other entities. The execution or renewal
18 of the contract must be in compliance with the provisions of RCW
19 43.19.1906. Any service obtained pursuant to this section shall be
20 rebid on a competitive basis upon the expiration of the contract.

21 (2) This section shall not be interpreted as meaning that a
22 managerial decision to contract for services is subject to collective
23 bargaining. This section shall not diminish the rights provided to
24 employees under an existing contract. Any provision contrary to or in
25 conflict with this section in any collective bargaining agreement or
26 contract in effect on the effective date of this section is not
27 effective beyond the expiration of the agreement or contract.

28 (3) The office of financial management shall provide assistance to
29 state agencies, institutions of higher education, and related boards by
30 developing a methodology for comparing the costs of government and
31 privately delivered services. State agencies, institutions of higher
32 education, and related boards are not required to use this methodology
33 before making a decision to competitively contract for services. The
34 methodology shall reflect the fully allocated costs of services,
35 including but not limited to:

36 (a) Employee salaries and wages;

37 (b) Employee benefits;

38 (c) Capital outlays, including supplies and equipment;

1 (d) Administrative and overhead expenditures;
2 (e) Contract administration and evaluation; and
3 (f) Taxes that would be received by the state or local governments
4 from private contractors for services.

5 (4) It is the intent of the legislature that classified employees
6 whose employment would be directly affected be afforded an opportunity
7 to offer alternatives to any contracts to be competitively bid by state
8 agencies, institutions of higher education, and related boards. Any
9 agency, institution of higher education, and related board shall
10 provide notice of intent to competitively contract for services to the
11 employees who will be directly affected by such a contract. This
12 notice shall also be provided to the exclusive bargaining
13 representative of these employees. The employees or the exclusive
14 bargaining representative shall have the right to offer, prepare, and
15 submit alternatives for the service to be competitively contracted
16 before any contract is awarded.

17 (5) The office of financial management shall prepare a report by
18 January 1, 1997, on the implementation of this section by state
19 agencies, institutions of higher education, and related boards. This
20 report shall be submitted to the members of the government operations
21 committee and the appropriations committee of the house of
22 representatives, and to the members of the government operations
23 committee and ways and means committee of the senate.

24 NEW SECTION. Sec. 3. A new section is added to chapter 28A.400
25 RCW to read as follows:

26 (1) This chapter shall not be construed as prohibiting the
27 procurement or provision of nonacademic services by contract.
28 Directors of school districts may purchase services or the delivery of
29 services through contracts with individuals, nonprofit organizations,
30 businesses, or other entities. The execution or renewal of the
31 contract shall be in compliance with RCW 28A.335.190. Any service
32 obtained pursuant to this section shall be rebid on a competitive basis
33 upon the expiration of the contract.

34 (2) This section shall not be interpreted as meaning that a
35 managerial decision to contract for services is subject to collective
36 bargaining. This section shall not diminish the rights provided to
37 employees under an existing contract. Any provision contrary to or in
38 conflict with this section in any collective bargaining agreement or

1 contract in effect on the effective date of this section is not
2 effective beyond the expiration of the agreement or contract.

3 (3) School districts may use the methodology developed by the
4 office of financial management pursuant to section 2 of this act for
5 comparing the costs of government and privately contracted services.

6 (4) Any school district that intends to purchase services pursuant
7 to this section shall notify the employees whose employment status will
8 be directly affected by such a contract and the exclusive bargaining
9 representative of these employees. The employees or the exclusive
10 bargaining representative shall have the right to offer, prepare, and
11 submit alternatives for the service to be competitively contracted
12 before any contract is awarded.

13 (5) The superintendent of public instruction shall prepare a report
14 by January 1, 1997, on the implementation of this section by school
15 districts. This report shall be submitted to the members of the
16 education committee and the appropriations committee of the house of
17 representatives, and to the members of the education committee and the
18 ways and means committee of the senate.

19 NEW SECTION. **Sec. 4.** (1) There is established a joint legislative
20 task force on competitive strategies. The members of the task force
21 shall be composed of eight members as follows: (a) Four members of the
22 house of representatives, with no more than two members from each major
23 political caucus, appointed by the speaker of the house of
24 representatives; and (b) four members of the senate, with no more than
25 two members appointed from each major political caucus, appointed by
26 the president of the senate.

27 (2) The task force shall identify state programs or services that
28 may be competitively contracted to produce cost savings or improvements
29 in the quality or level of services without harm to the public good.
30 The task force shall also evaluate the results obtained in other states
31 that have competitively contracted for services.

32 (3) The task force shall issue a preliminary report to the
33 legislature by January 1, 1996, and a final report to the legislature
34 by January 1, 1997. The task force shall terminate on January 1, 1997.

35 (4) This section shall expire January 31, 1997.

36 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
37 repealed:

1 (1) RCW 28A.400.285 and 1993 c 349 s 1; and

2 (2) RCW 41.06.382 and 1979 ex.s. c 46 s 1.

3 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and shall take
6 effect July 1, 1995.

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