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**SECOND SUBSTITUTE HOUSE BILL 2880**

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**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Clements, Dickerson, Backlund, Gombosky, Parlette, Gardner and Delvin)

Read first time 02/07/98. Referred to Committee on .

1 AN ACT Relating to state agency personal service contract  
2 guidelines; creating new sections; making an appropriation; and  
3 providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the practice of  
6 engaging not-for-profit entities to provide social services by use of  
7 fee-for-services and/or client services contracts has become necessary  
8 to effective state agency operations. The legislature further finds  
9 that there is a need to fundamentally examine how state contracts of  
10 this type are managed. Thus, the legislature intends that a  
11 comprehensive study take place that will identify methods for improving  
12 state-wide practices relating to fee-for-services and client services  
13 contracts.

14 NEW SECTION. **Sec. 2.** The definitions in this section apply  
15 throughout this act, unless the context clearly requires otherwise.

16 (1) "Agency" means every state office, department, division,  
17 bureau, board, committee, or other state agency.

1 (2) "Task force" means the task force on agency vendor contracting  
2 practices.

3 (3) "Contractor" means any not-for-profit entity holding a fee-for-  
4 services and/or client services contract or grant for the provision of  
5 social services with the state of Washington, as defined in chapter  
6 39.29 RCW.

7 (4) "Contract" means any fee-for-services and/or client services  
8 contract or grant for the provision of social services as defined in  
9 chapter 39.29 RCW.

10 NEW SECTION. **Sec. 3.** A task force on agency vendor contracting  
11 practices is established. The task force shall be convened by the  
12 office of financial management and shall be composed of nine members to  
13 be appointed by the director of the office of financial management.  
14 Two members of the task force shall be chosen as representatives of  
15 contractors. Two members of the task force shall be chosen for their  
16 personal work experiences as state employees responsible for  
17 administering contracts. All other task force members shall be  
18 selected for their knowledge and experience with state agency practices  
19 governing contracts. The director of the office of financial  
20 management shall appoint a chair from among the members of the task  
21 force. The task force shall invite and incorporate the participation  
22 of interested legislative members.

23 NEW SECTION. **Sec. 4.** (1) The task force shall review and propose  
24 legislative and administrative recommendations for the following  
25 issues:

26 (a) The adequacy of chapter 39.29 RCW in governing agency contract  
27 management. Such a review shall include, but is not limited to,  
28 whether the exemptions contained in RCW 39.29.040 (4) and (6) are  
29 appropriate in maintaining agency oversight and accountability for  
30 moneys used to engage contractors;

31 (b) Process improvements that ensure adequacy of contract oversight  
32 and provide accountability for taxpayer moneys, including the specific  
33 roles of the office of financial management and other state agencies in  
34 ensuring the accountability of public funds;

35 (c) The appropriate level of state reimbursement which will  
36 determine which contractors are eligible to be audited by the office of  
37 the state auditor using his/her authority under RCW 43.88.570. The

1 task force shall additionally recommend appropriate funding resources  
2 for the office of the state auditor to exercise its authority to audit  
3 not-for-profit corporations who provide personal services to a state  
4 agency or to clients of a state agency, under chapter 43.09 RCW, and  
5 nongovernmental entities under RCW 43.88.570;

6 (d) Whether uniform contract guidelines as exemplified by those  
7 adopted in other states, such as Texas, are appropriate or necessary,  
8 and the adequacy of current contract requirements and practices for  
9 contractor selection and award, contract compliance with state and  
10 federal standards, contract management and monitoring, accounting  
11 methods, payment mechanisms, postcontract procedures, contract legal  
12 remedies and performance audits, sanctions to ensure contract  
13 compliance, and financial reporting.

14 (2) The task force may utilize a cost-benefit analysis in preparing  
15 its recommendations. The task force shall develop proposed procedures,  
16 policies, and guidelines, and, if necessary, proposed legislation or  
17 administrative rules, to address the issues of its review.

18 NEW SECTION. **Sec. 5.** The task force, where feasible, shall  
19 collaborate with individuals from the public and private sector and may  
20 ask such persons to establish an advisory committee. Agencies shall  
21 cooperate with the office of financial management and provide the task  
22 force with support and assistance necessary to carry out the purposes  
23 of this act. The task force may consider the suggestions of agencies  
24 in preparing its recommendations, including any findings and  
25 information provided by the joint legislative audit and review  
26 committee.

27 NEW SECTION. **Sec. 6.** The task force, where feasible, shall use  
28 office of financial management staff and facilities, but may hire  
29 additional staff with specific technical expertise if such expertise is  
30 necessary to carry out the mandates of the study in this act. Each  
31 member of the task force shall be reimbursed for travel expenses in  
32 accordance with RCW 43.03.050 and 43.03.060.

33 NEW SECTION. **Sec. 7.** By November 1, 1999, the task force shall  
34 report its findings to the house of representatives vendor contracting  
35 and services select committee, or to the most appropriate house of

1 representatives standing committee in the event that the vendor  
2 contracting and services select committee no longer exists.

3 NEW SECTION. **Sec. 8.** The sum of two hundred seven thousand eight  
4 hundred twenty-five dollars, or as much thereof as may be necessary, is  
5 appropriated for the fiscal year ending June 30, 1999, from the general  
6 fund to the office of financial management. The appropriation in this  
7 section is provided solely for the purposes of sections 3 through 7 of  
8 this act, and any portion of this amount that is unnecessary to fulfill  
9 these purposes shall lapse.

10 NEW SECTION. **Sec. 9.** If any provision of this act or its  
11 application to any person or circumstance is held invalid, the  
12 remainder of the act or the application of the provision to other  
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 10.** This act expires January 1, 2000.

15 NEW SECTION. **Sec. 11.** If specific funding for the purposes of  
16 this act, referencing this act by bill or chapter number, is not  
17 provided by June 30, 1998, in the omnibus appropriations act, this act  
18 is null and void.

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