

HOUSE BILL REPORT

HB 2729

As Reported By House Committee On:
State Government

Title: An act relating to personal service contracts entered into by state agencies.

Brief Description: Requiring disclosure of salaries by contractors performing personal service contracts for state agencies.

Sponsors: Representatives Clements, Dickerson, Lisk, B. Chandler and Thomas.

Brief History:

Committee Activity:

State Government: 2/1/00, 2/4/00 [DPS].

Brief Summary of Substitute Bill

- Requires contractors to report the salaries and other remuneration paid to certain employees when entering into personal service or client service contracts.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Campbell, Republican Vice Chair; Miloscia, Democratic Vice Chair; Dunshee; Haigh; Lambert and D. Schmidt.

Staff: Jim Morishima (786-7191).

Background:

State agencies enter into a variety of contracts, including contracts for personal services and client services. Personal service contracts are contracts with consultants to provide professional or technical expertise to accomplish a specific study, project, task, or other work statement. An example of a personal service contract would be a contract for a statistical analysis.

Client service contracts are a type of personal service contract. Client service contracts are contracts for services provided directly to agency clients including, but not limited to, medical and dental services, employment and training programs, residential care, and subsidized housing. An example of a client service contract would be a contract to provide job training programs to unemployed workers.

Most personal service contracts over \$20,000 must be competitively bid. Competitively bid personal service contracts must be filed with the Office of Financial Management (OFM). Certain competitively bid personal service contracts must also be approved by the OFM. Client service contracts are not subject to these requirements.

Summary of Substitute Bill:

An agency entering into a personal service or client service contract must require the contractor to disclose to the agency the salaries, bonuses, travel allowances, commissions, or other forms of remuneration that the contractor pays to:

- the contractor's officers;
- the contractor's executive director;
- the employee who executed the contract; and
- the employee responsible for insuring compliance with the contract's terms.

The contractor must disclose the information to the agency within one year of the contract's effective date, but no later than the contract's termination date. The OFM must establish a uniform reporting format for disclosure of the information.

Substitute Bill Compared to Original Bill: The substitute bill requires the contractor to report the remuneration for the contractor's executive director; the original bill required the contractor to report the remuneration for the contractor's executive director or the employee who manages the day-to-day affairs of the contractor.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will help tighten up the contracting process for personal service and client service contracts. It is important for agencies to get full disclosure on who is getting what and how much.

(Concerns) This bill may eliminate the exemption from the OFM filing and approval requirements for client service contracts. Removal of this exemption could cost the state a great deal of money.

Testimony Against: None.

Testified: Representative Clements and Representative Dickerson, co-sponsors.

(Concerns) Gary Robinson, Office of Financial Management; and Jessica Jensen, Department of Social and Health Services.