
SECOND SUBSTITUTE HOUSE BILL 1969 - CC

State of Washington

54th Legislature

1995 Regular Session

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

Read first time 03/29/95.

1 AN ACT Relating to competitive strategies in the delivery of
2 government services; amending RCW 41.06.380, 72.10.005, and 82.01.070;
3 adding a new section to chapter 28A.400 RCW; creating new sections;
4 repealing RCW 28A.400.285 and 41.06.382; providing an effective date;
5 and declaring an emergency.

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

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

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

15 (2) The director of general administration, through the state
16 purchasing and material control director established in RCW 43.19.180,
17 be provided the highest level of flexibility in the purchase of all
18 materials, supplies, services, and equipment necessary for the

1 efficient support, maintenance, repair, and use of all agencies and
2 departments under RCW 43.19.190;

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

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

9 ~~((Nothing contained in this chapter shall prohibit any department,~~
10 ~~as defined in RCW 41.06.020, from purchasing services by contract with~~
11 ~~individuals or business entities if such services were regularly~~
12 ~~purchased by valid contract by such department prior to April 23, 1979:~~
13 ~~PROVIDED, That no such contract may be executed or renewed if it would~~
14 ~~have the effect of terminating classified employees or classified~~
15 ~~employee positions existing at the time of the execution or renewal of~~
16 ~~the contract.))~~ (1) An agency, institution of higher education, or
17 related board, as defined in RCW 41.06.020, may purchase services or
18 the delivery of services through contracts with individuals, nonprofit
19 organizations, businesses, or other entities. The execution or renewal
20 of the contract must be in compliance with the provisions of RCW
21 43.19.1906. Any service obtained pursuant to this section shall be
22 rebid on a competitive basis upon the expiration of the contract.

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

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

38 (a) Employee salaries and wages;

1 (b) Employee benefits;
2 (c) Capital outlays, including supplies and equipment;
3 (d) Administrative and overhead expenditures;
4 (e) Contract administration and evaluation; and
5 (f) Taxes that would be received by the state or local governments
6 from private contractors for services.

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

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

26 (6) This section does not apply to and does not in any manner limit
27 the purchase of services or any contracting for services that was
28 authorized by law before the effective date of this act.

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

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

1 (2) This section shall not be interpreted as meaning that a
2 managerial decision to contract for services is subject to collective
3 bargaining. This section shall not diminish the rights provided to
4 employees under an existing contract. Any provision contrary to or in
5 conflict with this section in any collective bargaining agreement or
6 contract in effect on the effective date of this section is not
7 effective beyond the expiration of the agreement or contract.

8 (3) School districts may use the methodology developed by the
9 office of financial management pursuant to RCW 41.06.380 for comparing
10 the costs of government and privately contracted services.

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

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

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

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

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

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

5 **Sec. 5.** RCW 72.10.005 and 1989 c 157 s 1 are each amended to read
6 as follows:

7 It is the intent of the legislature that inmates in the custody of
8 the department of corrections receive such basic medical services as
9 may be mandated by the federal Constitution and the Constitution of the
10 state of Washington. Notwithstanding any other laws, it is the further
11 intent of the legislature that the department of corrections may
12 contract directly with any persons, firms, agencies, or corporations
13 qualified to provide such services. ~~((Nothing in this chapter is to be
14 construed to authorize a reduction in state employment in service
15 component areas presently rendering such services or to preclude work
16 typically and historically performed by department employees.))~~

17 **Sec. 6.** RCW 82.01.070 and 1982 c 128 s 1 are each amended to read
18 as follows:

19 The director shall have charge and general supervision of the
20 department of revenue. ~~((He))~~ The director shall appoint an assistant
21 director for administration, hereinafter in ~~((this 1967 amendatory
22 act))~~ this Title and Title 84 RCW referred to as the assistant
23 director, and subject to the provisions of chapter 41.06 RCW may
24 appoint and employ such clerical, technical and other personnel as may
25 be necessary to carry out the powers and duties of the department. The
26 director may also enter into personal service contracts with ~~((out-of-
27 state))~~ individuals or ~~((business))~~ entities for the performance of
28 auditing services ~~((outside the state of Washington when normal efforts
29 to recruit classified employees are unsuccessful))~~. The director may
30 agree to pay to the department's employees or contractors who reside
31 out of state such amounts in addition to their ordinary rate of
32 compensation as are necessary to defray the extra costs of facilities,
33 living, and other costs reasonably related to the out-of-state
34 services, subject to legislative appropriation for those purposes. The
35 special allowances shall be in such amounts or at such rates as are
36 approved by the office of financial management. This section does not

1 apply to audit functions performed in states contiguous to the state of
2 Washington.

3 NEW SECTION. **Sec. 7.** The following acts or parts of acts are each
4 repealed:

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

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

7 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and shall take
10 effect July 1, 1995.

--- END ---