

SENATE BILL REPORT

SB 6017

As of March 7, 2001

Title: An act relating to creating the education and transportation funding act of 2001.

Brief Description: Creating the education and transportation funding act of 2001.

Sponsors: Senators McDonald, T. Sheldon, Rossi, Oke and Johnson.

Brief History:

Committee Activity: Ways & Means: 2/28/01.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: A 1961 initiative created Washington's civil service personnel system. A 1978 decision of the state Supreme Court held that a violation of the civil service act occurred if a state agency contracted for services with an independent contractor using private employees who were not subject to the protections of the civil service act. Because this decision had the effect of invalidating the existing contracting practices of many state agencies, the Legislature responded in 1979 with an amendment to the civil service act that validated state contracts in existence prior to the amendment, but prohibited new contracts that would have the effect of replacing civil service employees.

Summary of Bill: The statutory restrictions on agency contracting practices are repealed and state agencies are expressly authorized to contract for services with businesses, nonprofit organizations, and individuals. Agencies are prohibited from agreeing to any collective bargaining agreement that restricts the agency's authority to contract for services.

The Office of Financial Management is directed to establish a procedure for identifying the cost savings achieved by agencies by contracting for services under the act. From the up to \$700 million in identified savings, 50 percent should be dedicated to transportation programs and projects and 50 percent to K-12 education and construction projects.

The act is referred to the voters for approval or rejection at the November 2001 general election.

Appropriation: None.

Fiscal Note: Requested on February 16, 2001.

Effective Date: Thirty days after the election at which it is approved.

Testimony For: The bill is a simple method to save money for taxpayers, who want efficient, streamlined government. Court decisions have hampered state agencies' efforts to

operate more efficiently. The courts have declared that if state agencies have previously used state employees to deliver a service, then state employees must always be used. The 1979 legislation has frozen state contracting practices. Washington is the most restrictive state on private contracting by state agencies. Cost savings vary, but the most reliable data estimates that at least \$200 million could be saved, with potential savings up to \$700 million. State employee bargaining groups can compete for the contracts.

Testimony Against: State contracting practices should be addressed in the context of collective bargaining and civil service reform. A recent state task force revealed many problems with state vendor contracting oversight, auditing, and accountability. Current laws are not unnecessarily restrictive; many state services are currently provided by the private sector in human services programs and transportation construction projects. Any savings achieved through private contracts will be more than offset by the costs of administering the contracts. Twenty-nine states that allow contracting also allow collective bargaining.

Testified: Sen. Dan McDonald (pro); Sen. Dino Rossi (pro); Amber Balch, Assoc. of Wash. Business (pro); Mark Johnson, Nat'l Federation of Ind. Businesses (pro); Gary Smith, Ind. Bus. Assoc. (pro); Duke Schaub, Assoc. General Contractors (pro); Lynn McKinnon, Wash. Public Emp. Assoc. (con); Bev Hermanson, Wash. Fed. State Emp. (con); Robby Stern, Wash. St. Labor Council (con).