
Commerce & Labor Committee

HB 1724

Brief Description: Requiring disclosure of outsourcing.

Sponsors: Representatives Conway, Hudgins, Wood, Appleton, Ormsby, Simpson, Morrell, Williams, Kenney, Kirby, Kagi, Cody, Schual-Berke, McCoy, Chase, Sells, Clibborn, O'Brien, Hunt, Hasegawa, Moeller and P. Sullivan.

Brief Summary of Bill

- Requires certain state contracts to include provisions requiring disclosure of offshore outsourcing information.
- Makes this requirement applicable to state personal services, purchased services, and civil service.
- Makes this requirement inapplicable if the Director of the Office of Financial Management determines that the only practicable location where the services may be performed is clearly and justifiably outside the United States.
- Also makes this requirement inapplicable to goods procured under certain state contracts, and to certain state contracts entered into prior to July 1, 2005.

Hearing Date: 2/9/05

Staff: Jill Reinmuth (786-7134).

Background:

The State of Washington contracts with individuals and companies outside of state government to provide certain services to the state and its residents. The state's purchasing authority is generally organized into categories based on the type of service. These categories include the following:

- Personal services. This term refers to professional or technical expertise provided by a consultant to accomplish a specific study or project;
- Purchased services. These services are ones provided by a vendor to accomplish routine, continuing and necessary functions;
- Information services. These services include data processing, telecommunications, office automation, and computerized information systems;

- Public works. This term refers to the construction, repair, or alteration of buildings and other real property;
- Highway design and construction. This term includes both architectural and engineering services, as well as construction services related to highways; and
- Printing services. This term refers to the production of printed materials.

In addition, beginning July 1, 2005, the state may contract for services historically and traditionally provided by state employees, so long as the state complies with the contracting out provisions of the Civil Service Reform Act of 2002.

Summary of Bill:

Certain state contracts, or subcontracts awarded under such contracts, must include provisions requiring disclosure of offshore outsourcing information. "Offshore outsourcing information" means records of:

- the locations in which work is performed outside the United States;
- the number of workers performing such work;
- the occupations of each of the workers;
- the number of hours worked by each of the workers; and
- the amount of wages paid and the types and values of benefits provided to each of the workers.

This requirement applies to state personal services, purchased services, and civil service contracts.

This requirement does not apply to goods procured under certain state contracts, or to certain state contracts entered into by the state prior to July 1, 2005.

This requirement also does not apply if the director of the Office of Financial Management (OFM) determines that the only practicable location where the services may be performed is clearly and justifiably a location outside the United States. Annual reports from the director of OFM to the House Commerce & Labor Committee and the Senate Labor, Commerce, Research, & Development Committee on such contracts are required.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately, except section 3, relating to civil service contracts, which takes effect July 1, 2005.