

HOUSE BILL REPORT

HB 1813

As Reported by House Committee On:
State Government
Appropriations

Title: An act relating to employment opportunities for people with disabilities.

Brief Description: Expanding employment opportunities for people with disabilities.

Sponsors: Representatives Miloscia, Boldt, Linville, Edwards, Romero, Cody, McDermott, Haigh, Hunt, Moeller, Ruderman, Santos, Rockefeller, Simpson, Conway, Wood and Kenney.

Brief History:

Committee Activity:

State Government: 2/25/03, 2/28/03 [DPS];
Appropriations: 3/8/03 [DPS(SG)].

Brief Summary of Substitute Bill

- Defines vendor in good standing as a business owned and operated by persons with disabilities or a community rehabilitation program that has achieved or made progress in enhancing employment opportunities for disadvantaged persons and persons with disabilities.
- Requires General Administration to identify vendors in good standing and include those vendors in the solicitation process.
- Requires agencies to include a vendor in good standing when it enters into negotiations with the lowest responsible bidder.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Haigh, Chair; Miloscia, Vice Chair; Armstrong, Ranking Minority Member; Shabro, Assistant Ranking Minority Member; Hunt, McDermott, Nixon, Tom and Wallace.

Staff: Marsha Reilly (786-7135).

Background:

The Department of General Administration (GA) purchases materials, supplies, services, and equipment for all state institutions, state elective offices, and institutions of higher education. However, an agency may make its purchases directly from a vendor if it has notified the GA that such purchases are more cost-effective.

All purchases, whether by the GA or by the agency itself, must be made using a competitive bidding process. A formal sealed bidding process must be used for purchases of \$35,000 or more, except in various specified circumstances, such as emergency purchases, single-source purchases, purchases involving special facilities or services, and purchases involving market conditions. Purchases from \$3,000 to \$35,000 may be made under a less formal process using telephone or written quotations from at least three vendors. Purchases below \$3,000 may be made without using a competitive bidding process and are made based upon buyer experience and market knowledge. These dollar figures are adjusted for inflation every two years.

State agencies are authorized to negotiate directly with sheltered workshops and programs of the Department of Social and Health Services (DSHS) to purchase products and services manufactured or provided by such entities. These purchases are to be at the fair market price, as determined by the GA using the last comparable bid or price paid for similar products or services and increases in labor costs since the last price was paid.

Purchases by the Legislature are exempt from these requirements, including competitive bidding requirements.

State agencies and the Legislature are required to make purchases of goods and services that are produced or provided in whole or part from class II inmate work programs operated by the Department of Corrections through contract, unless the GA finds the articles or products do not meet reasonable requirements, are not of equal or better quality, or the price is higher than otherwise available.

Summary of Substitute Bill:

State agencies and departments are authorized to make purchases of products and services from community rehabilitation programs of the DSHS which operate facilities serving disadvantaged persons and persons with disabilities, and from businesses owned and operated by persons with disabilities. Restrictions are made to limit purchases to only those facilities that have achieved or met certain goals in expanding employment for disadvantaged persons and persons with disabilities.

A vendor in good standing is defined as a business owned and operated by persons with disabilities or a community rehabilitation program that has not had a breach of contract

due to quality or performance provisions and has achieved or made progress in enhancing employment opportunities for disadvantaged persons and persons with disabilities. The Office of Minority and Women Business Enterprises will certify to the GA all vendors in good standing.

The GA is required to identify in its vendor registry all vendors in good standing. Every 12 to 15 months vendors are asked to update information on the registry, including a description of the products and services the vendor provides and the applicable Washington state commodity codes of its products. The updated information is dispersed by the GA to at least one purchasing official in each state agency. The GA will, in turn, notify vendors of all anticipated contract renewals and solicitations for the next 12 months.

All vendors in good standing are included in the customary solicitation process. When agencies enter into negotiations with the lowest responsible bidder, they must also negotiate with, and may consider for award, the lowest responsible bidder that is a vendor in good standing.

An advisory subcommittee is appointed by the Governor's Committee on Disability Issues and Employment to determine if entities seeking to qualify as vendors in good standing have achieved or made progress toward enhancing employment opportunities for disadvantaged persons and persons with disabilities. The subcommittee includes 10 members:

- three current or former clients of a community rehabilitation program, one of which must be a person with a developmental disability;
- one who is a guardian, parent, or other relative of a current client or employee of a community rehabilitation program;
- one who is nominated by a community rehabilitation program;
- one who represents a business owned and operated by persons with disabilities;
- one who is designated by the Developmental Disabilities Council;
- one who is a member of the Governor's Committee on Disability Issues and Employment;
- one who is designated by the Secretary of the DSHS; and
- one who is designated by the Director of the Department of Services for the Blind.

Entities seeking to be listed as a vendor in good standing must provide conclusive evidence that, during the previous 12 months, it has met at least half of the established measurable goals regarding its work force, or has improved with respect to that category from one year ago. Measurable goals include statistics on the numbers and percentages of disadvantaged persons and persons with disabilities who:

- are working in integrated settings;
- are working in individual supported employment settings;

- have transitioned to less restrictive employment settings;
- are earning at least the state minimum wage;
- are serving in supervisory capacities within the entity;
- are serving in an ownership capacity or on the governing board of the entity;
- are receiving wages, salaries, and related employment benefits comparable to persons without disabilities; and
- have a reasonable, achievable, and written career plan developed by the entity.

Entities must pay a non-refundable application fee of: 1) not more than \$500; 2) not more than 2 percent of the face amount of any contract awarded; or 3) both fees to establish or renew qualification as a vendor in good standing. Fees established are to recover costs incurred by the GA and by the subcommittee.

The GA and the Governor's Committee on Disability Issues and Employment are required to prepare and issue a report to the Governor and the Legislature describing the effect of this act on enhancing employment opportunities for disadvantaged persons and persons with disabilities.

This act expires December 31, 2007.

Substitute Bill Compared to Original Bill:

In the substitute bill, the responsibility for certifying vendors in good standing is with the Office of Minority and Women's Business Enterprises. Vendors in good standing are required to follow the same process as other vendors by updating their information, including the Washington state commodity codes for products they offer, and submitting it to the GA. All vendors in good standing are included in the customary solicitation process. When agencies enter into negotiations with the lowest responsible bidder, they must also negotiate with, and may consider for award, the lowest responsible bidder that is a vendor in good standing.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The bill attempts to address the quality of life of those with disabilities. It provides an opportunity to increase employment rates of the disabled. Many stakeholders have worked hard to reach a consensus. The bill provides one way within the means of the state to offer more employment possibilities to persons with disabilities.

(With concerns) The GA is working to meet the objectives of the bill while attempting to minimize the fiscal impact. The Governor strongly supports the intent of the bill and appreciates the commitment of the stakeholders, but is concerned about the fiscal impact.

Testimony Against: None.

Testified: (In support) Representative Miloscia, prime sponsor; Ray Coleman, Rehabilitation Enterprises of Washington; Scott Matsuda, Rehabilitation Enterprises of Washington and Northwest Center; and Toby Olson, Governor's Committee on Disability Issues.

(With concerns) Bill Joplin, General Administration.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on State Government be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Conway, Cox, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Heather Flodstrom (786-7391).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On State Government:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill has the support of all of the stakeholders including the Department of General Administration and the Governor's office. The fees raised will almost cover the cost this biennium and will generate more revenue than costs in future biennia. The bill sunsets in four years and has a final report with performance measures. This bill will increase opportunities for people with disabilities and people with disabilities that own their own companies. If we involve businesses with disabilities in state contracting, people will come to realize the abilities of these people and perhaps hire them into jobs when they become vacant. We are encouraging the interaction of the state

and people with disabilities for the furtherance of their employment.

Testimony Against: None.

Testified: Representative Miloscia, prime sponsor; and Ray Coleman.