

**SENATE BILL REPORT**

**SB 5862**

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS, MARCH 3, 1993**

**Brief Description:** Creating the competitive strategies task force.

**SPONSORS:** Senators Haugen, McDonald, Owen, Sellar, Erwin, Anderson, Amondson, Deccio, L. Smith, McCaslin, Hochstatter, Oke and Moyer

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** That Substitute Senate Bill No. 5862 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, Owen, von Reichbauer, and Winsley.

**Staff:** Barbara Howard (786-7410)

**Hearing Dates:** March 2, 1993; March 3, 1993

**BACKGROUND:**

The concept of transferring certain state functions to the private sector, or "privatization," has received considerable attention in the last decade. It is one of a number of ideas for improving the management of public services.

The State Commission on Efficiency and Accountability in the Office of Financial Management (OFM) was created in 1987 to develop recommendations for improving the efficiency and effectiveness of state programs, enhancing executive accountability, and improving managerial competence. It has been suggested that a new study be made of competitive strategies for increasing private participation in public management.

**SUMMARY:**

The Competitive Strategies Task Force is created to develop strategies for reducing the cost of public sector activities, improving the quality of services without increasing costs, and minimizing the role of government where market competition is able to achieve social good without significant government interference.

The task force has 15 members: the Executive Director of the Commission for Efficiency and Accountability, the Governor, and the Director of General Administration, or their designees; a representative of each caucus of the House of Representatives and of the Senate, to be appointed respectively by the Speaker or the President; a representative of a major statewide public employee union; two representatives from major statewide private sector unions;

three representatives from a major statewide business organization; and two representatives from the general public.

The task force is directed to perform a thorough review and inventory of all state services and activities, in order to identify various arrangements for increasing private sector participation in providing public services. Among them are transfers of facilities operations, cooperative finance and development planning, joint ventures, sale or lease of government owned properties, enhancement of cash management and debt restructuring, and similar activities.

The task force is also directed to consider incentives for active use of arrangements identified in its study, develop comprehensive guidelines or procedures for their implementation, and investigate efforts made by other states and nations in this area. Its final findings and recommendations are to be reported to the Legislature no later than December 15, 1993. Staff support is provided by the Office of Financial Management.

**EFFECT OF PROPOSED SUBSTITUTE:**

The composition of the task force is altered to provide representation from two public employee unions, one from a private sector union, three from statewide business organizations, and to assure that members not serving by virtue of their office are appointed by the Governor. Its mission is narrowed by removing the references to specific types of privatization, the incentives for use of such procedures, and guidelines for implementation.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 24, 1993

**TESTIMONY FOR:**

In difficult economic times, providing public services by the private sector creates jobs, produces significant savings, and moves activity from the tax consuming sector to the tax producing sector. We can benefit significantly from demonstrated results in other jurisdictions, and from informed studies already prepared in other areas.

**TESTIMONY AGAINST:**

There are equal demonstrations that privatization escalates costs, rather than producing savings, displaces competent state workers, and lowers wage rates. Many studies have already been conducted.

**TESTIFIED:** PRO: Nancy Bratton, Seattle Chamber of Commerce; Tim Tomlinson, New Richmond Linen; Tom Dooley, J.T. Quigg, Joe Mandich, AWB; Ginger West, S.L. Start & Associates; Casey

Cochran, Tacoma Chamber of Commerce; Ton Meinhart, IBA; Gary  
Moore, WFSE (con)