

# HOUSE BILL REPORT

## HB 1004

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### As Reported By House Committee On:

Higher Education  
Appropriations

**Title:** An act relating to higher education services contracts.

**Brief Description:** Allowing institutions of higher education to contract for services.

**Sponsors:** Representatives Carlson, Sherstad, Benton, Dyer, Thompson, Goldsmith, Radcliff, Pennington, Mitchell, Basich, Blanton, Mulliken, Boldt, Fuhrman, Huff, Talcott and McMahan.

### Brief History:

#### Committee Activity:

Higher Education: 2/3/95, 2/10/95 [DPS];

Appropriations: 2/27/95, 3/3/95 [DP2S(w/o sub HE)].

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlson, Chairman; Mulliken, Vice Chairman; Jacobsen, Ranking Minority Member; Basich; Benton; Blanton; Delvin and Mastin.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Mason, Assistant Ranking Minority Member; and Sheahan.

**Staff:** Susan Hosch (786-7120).

**Background:** By law, institutions of higher education and related boards are permitted to contract with individuals or businesses for services if the services were regularly purchased by contract before April 23, 1979. Institutions and related boards are prohibited from contracting with persons or businesses for services if the contracts will result in the termination of either classified employees or classified positions. Under this law, institutions of higher education include the public baccalaureate institutions and the community colleges. Related boards include the State Board for Community and Technical Colleges and other boards, councils and commissions related to higher education.

**Summary of Substitute Bill:** Under certain conditions, an institution of higher education and the Spokane Joint Center for Higher Education may contract with businesses or individuals for services without showing that classified state employees could not perform those services. The conditions are:

1. The contract must not result in increased expenditures of public funds for the contracted services.
2. The wages paid for the contracted service must be similar to wages generally paid for that type of work in the county where the contracted work will be performed.
3. The contractor must make available health benefits that are similar to or better than basic health care benefits.

Institutions are not permitted to renew or extend collective bargaining agreements that prohibit contracting for services if those agreements are adopted under state civil service laws. Finally, the authority to contract for services does not affect contracts that were in effect before this law is enacted.

The law is amended that prohibits institutions of higher education and related boards from contracting for services if those contracts would result in the termination of classified employees or classified positions. Related boards remain subject to the prohibition.

**Substitute Bill Compared to Original Bill:** The Spokane Joint Center is permitted to contract for services. Institutions and the center are not required to perform a feasibility study and do not have to show that the contract will result in reduced expenditures of public monies. The director of the Office of Financial Management is not required to approve the contract. Wages paid for the contracted work must be similar to wages paid for that type of work in the county instead of in the locality where the work is to be performed. The contractor must make health benefits available instead of providing them.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Permitting institutions of higher education to contract for services will give them one of the tools necessary to navigate in the difficult fiscal times ahead. The bill will provide flexibility for managers, but will ensure that contracts will not result in increased expenditures of public funds for the contracted work.

**Testimony Against:** Washington needs more low skilled jobs that pay a family wage. The proposed legislation does not require the contracts to save money. Institutions should look at efficiencies in higher management rather contracting out for services historically provided by classified employees. A 1992 U.S. Labor Department study suggests that involving front line workers in the decision making process is preferable to this type of approach.

**Testified:** Cinda Kohler, Ellensburg Chamber of Commerce (pro); Devone Smith, Washington Federation of State Employees, (con); Jonathan Koehler, Highline Community College (pro); Jeff Cox, Washington Retail Association (pro); Glenn Colbert and Johan Hellman, Washington Student Lobby (pro); Jim Halstrom, Momentum & Joint Center for Higher Education (pro); Terry Teale, Council of Presidents (pro); John Pettit, University of Washington; (pro); and Eugene St. John, Washington Public Employees Association (con).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 20 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Basich; Beeksma; Brumsickle; Carlson; Cooke; Crouse; Foreman; Hargrove; Hickel; Jacobsen; Lambert; Lisk; McMorris; Reams; Sehlin and Talcott.

**Minority Report:** Without recommendation. Signed by 11 members: Representatives Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Chappell; Dellwo; G. Fisher; Grant; Poulsen; Rust; Sheahan; Thibaudeau and Wolfe.

**Staff:** Jennifer Priddy (786-7118).

**Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education:** An institution's decision to purchase by contract those services that have historically been provided by classified state employees cannot result in the termination of permanent, classified employees employed as of the effective date of the act. In addition, drafting changes were made to clarify imprecise language.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Legislation would address peak workload issues and allow institutions to respond to changing needs. Institutions intend to use the authority responsibly. The legislation would allow private industry to bid on projects and lower institution costs. However, restrictions on the wages and health benefits that a contractor will provide to employees will limit the number of private contractors who can successfully bid on services; small businesses would be at a particular disadvantage.

**Testimony Against:** Many higher education staff are overworked and underpaid now; job security is the only reason more employees do not leave for other employment. Comprehensive legislation to address collective bargaining rights and contracting out is preferable.

**Testified:** (Against) Devone Smith, Washington Federation of State Employees; Dick King, I.B.W.E. #46; and Molly Ruth, Brenda Mason, and Eugene St. John, Washington Public Employees Association. (In favor) Terry Teale, Council of Presidents; Bob Edie, University of Washington; Krista Eichler, Seattle Chamber of Commerce; and Carolyn Logue, NFIB.