

HOUSE OF REPRESENTATIVES

Olympia Washington

BilAnalysis

BilNo. HB 2164

Delivering Government Services  
Brief title

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Reps. D. Schmidt/Huff/Dunn  
Sponsor

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**BACKGROUND:**

State agencies and institutions of higher education may contract with individuals or business entities for services if the services were regularly purchased by contract before April 23, 1979. These contracts may not be executed or renewed if they will result in the termination of either classified employees or classified employee positions.

When a school district enters into a contract for services that were previously performed by classified school employees and the services are being performed by classified school employees as of July 25, 1993, the contract must contain a clause requiring the contractor to provide to the people performing the work health benefits that are similar to those provided for school employees who would otherwise perform the work. School districts may enter into such contracts for services only if (a) a feasibility study is conducted; (b) the decision to contract for services has been reviewed and approved by the Superintendent of Public Instruction; and (c) it meets all applicable requirements for collective bargaining.

The director of the Department of Revenue may contract for services without-of-state individuals for auditing services outside the state when efforts to recruit classified employees are unsuccessful. The Department of Corrections may contract for medical services for inmates, but these contracts do not authorize reductions in state employment.

**SUMMARY:**

State agencies, institutions of higher education, and school districts may purchase services or the delivery of services through contracts with individuals, nonprofit organizations, businesses, or other entities. The execution or renewal of such a contract must comply with formal competitive bidding procedures. Any service obtained through competitive bidding must be rebid upon the expiration of the contract.

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Provisions are deleted which prohibit contracting for services by state agencies or institutions of higher education if the effect would be to terminate classified employees or classified employee positions existing at the time of the execution or renewal of the contract. The statute allowing school districts to contract for services only if the contract provides similar health benefits to the employees performing the contracted services is repealed.

The director of the Department of Revenue may contract for auditing services both inside and outside the state. Language is deleted that limited the Department of Corrections to contracting for medical services for inmates.

Rights of employees under existing contracts are not diminished. Any provisions in contracts that conflict with the provisions of this legislation are not effective beyond the term of the contract. Services that are recurrently contracted out are not affected by this legislation.

The managerial decision whether to contract for services is not subject to collective bargaining.

Any state agency, institution of higher education and related board and school district must notify classified employees who would be directly affected by a contract for services as well as their exclusive bargaining representative of an intent to competitively contract for services. The employees and the exclusive bargaining representative have the right to submit alternatives for the service to be competitively contracted.

The Office of Financial Management (OFM) is required to develop a methodology for comparing the costs of government and privately delivered services. Agencies, higher education institutions and related boards, and school districts may, but are not required to, use this methodology when deciding whether to competitively contract for services. The methodology must reflect the fully allocated costs of services, including employee salaries and benefits, capital outlays, including supplies and equipment, administrative and overhead expenditures, contract administration and evaluation, and taxes that would be received by the state or local governments from private contractors for services.

OFM and the Superintendent of Public Instruction must report on the implementation of this legislation by January 1, 1998.

A Joint Legislative Task Force on Competitive Strategies is created consisting of four members of the Senate and four members of the House of Representatives. Two members are appointed from each caucus.

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The task force is required to identify state programs or services that can be competitively contracted to produce cost savings or improvements in the quality or level of services without harm to the public good. The task force must also evaluate the results in other states that have competitively contracted for services. The task force must issue a final report to the Legislature by January 1, 1998. The task force terminates on January 1, 1998.

**FISCAL NOTE:** Requested March 2, 1997.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill passed.