

HOUSE BILL REPORT

HB 2164

As Reported By House Committee On:
Government Administration

Title: An act relating to competitive strategies in the delivery of government services.

Brief Description: Delivering government services.

Sponsors: Representatives D. Schmidt, Huff, Dunn, Talcott, Mulliken, Backlund, Mielke and Wensman.

Brief History:

Committee Activity:

Government Administration: 3/4/97 [DPS].

HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Dunn; Reams; Smith; L. Thomas and Wensman.

Minority Report: Do not pass. Signed by 6 members: Representatives Scott, Ranking Minority Member; Gardner, Assistant Ranking Minority Member; Doumit; Dunshee; Murray and Wolfe.

Staff: Bill Lynch (786-7092).

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 were 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.

Summary of Substitute Bill: Provisions are deleted which prohibit contracting out 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services only if the contractor provides similar health benefits to the employees performing the contracted services is repealed.

Substitute Bill Compared to Original Bill: The original bill required the Office of Financial Management to develop a methodology for comparing the costs of government to privately delivered services. Language allowing the Department of Revenue to contract out auditing services and the Department of Corrections to contract out medical services for inmates is deleted. The original bill created a task force to help identify programs or services that could be competitively contracted. Provisions that required notice to employees and giving them an opportunity to bid on the services are deleted.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Indianapolis was able to improve services and achieve cost-savings of 15 to 35 percent in different departments. Employees who were initially opposed now support the program because they can participate in gain-sharing. This is working well in a number of jurisdictions. With Initiative 601 in place, it is necessary to achieve greater efficiencies. This will empower front-line employees who have the most knowledge of how to make improvements. It is possible for state employees to regain work that is contracted out now if they become more efficient. This is frequently identified by business as an important issue. The citizens are the big winners in this process. The bill does not mandate anything.

Testimony Against: Contracting out should be considered as part of a comprehensive measure to improve government. Contracting out has worked in jurisdictions that allow employees to collectively bargain and provide protections to workers. This bill doesn't redesign government, it takes away employee protections and hurts consumers. We should fix management to achieve savings rather than eliminate worker protections. There are no systematic evaluation or performance measures in place to tell what is working. Contracting out can lead to shoddy work at higher costs.

Testified: (Pro) Representative Dave Schmidt, prime sponsor; Dedi Hitchens, National Federation of Independent Businesses; Amber Balch, Association of Washington Business; and Dana Childers, Greater Seattle Chamber of Commerce. (Con) Greg Devereaux, Washington Federation of State Employees; Eugene St. John and Matt Ennis, Washington Public Employees Association.