

# SENATE BILL REPORT

## E2SHB 2880

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As Reported By Senate Committee On:  
Government Operations, February 23, 1998  
Ways & Means, March 2, 1998

**Title:** An act relating to state agency personal service contract guidelines.

**Brief Description:** Creating a task force on agency vendor contracting practices.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Clements, Dickerson, Backlund, Gombosky, Parlette, Gardner and Delvin).

**Brief History:**

**Committee Activity:** Government Operations: 2/23/98 [DPA-WM].

Ways & Means: 2/27/98, 3/2/98 [DPA (GO), DNP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.  
Signed by Senators McCaslin, Chair; Haugen, Horn, Patterson and T. Sheldon.

**Staff:** Diane Smith (786-7410)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Government Operations.  
Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Hochstatter, Long, Roach, Rossi, Schow, Swecker, Winsley and Zarelli.

**Minority Report:** Do not pass.  
Signed by Senators Brown, Fraser, Loveland, B. Sheldon and Thibaudeau.

**Staff:** Steve Jones (786-7440)

**Background:** RCW 39.29 governs the procurement of personal service contracts. Due to the exemption of fee-for-service contracts and client service contracts from Chapter 39.29 RCW, there are no uniform contracting guidelines governing the procurement of all personal service contracts in the social services contracts. Other states such as Texas have performed in-depth studies culminating in uniform contract guidelines for personal service contracts.

**Summary of Amended Bill:** A nine-member task force is selected by the director of the Office of Financial Management (OFM). The task force is charged with the duty of reviewing and suggesting legislative and administrative remedies to specific issues regarding fee-for-services and client services contracts held by not-for-profit entities for the provision of social services. The task force is required to look at: 1) the adequacy of Chapter 39.29

RCW, including the exemption of fee-for-service and client-service contracts; 2) process improvements to ensure contract oversight and the specific role of agencies in ensuring accountability of public moneys; 3) the appropriate level of state reimbursement which will determine which contractors are eligible to be audited by the State Auditor under RCW 43.88.570, and appropriate funding sources for the auditor to perform audits under Chapter 43.09 and RCW 43.88.570; and 4) several factors related to the adoption of uniform contract guidelines. The staff for the task force is supplied by OFM and OFM may hire additional staff if necessary. The members of the task force are eligible to receive reimbursement for travel expenses. The task force is required to make a report of its findings and suggestions to the Senate and the House of Representatives and to the director of the Office of Financial Management by November 1, 1999.

The bill is null and void unless funded in the budget.

**Amended Bill Compared to Second Substitute Bill:** The amended bill requires a report to the Senate.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill is the result of a two-year study by a select committee of the House of Representatives. It will provide for greater efficiency and accountability in state contracts. State agencies need standards and guidelines in contracting for services from nonprofit organizations.

**Testimony Against:** None.

**Testified:** PRO: Rep. Clements, prime sponsor; Linda Long, Deputy State Auditor; Margaret Casey, Washington State Catholic Conference.