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**SUBSTITUTE HOUSE BILL 2880**

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**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** House Committee on Select Vendor Committee (originally sponsored by Representatives Clements, Dickerson, Backlund, Gombosky, Parlette, Gardner and Delvin)

Read first time 02/03/98. Referred to Committee on .

1 AN ACT Relating to state agency personal service contract  
2 guidelines; creating new sections; making an appropriation; and  
3 providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the practice of  
6 engaging not-for-profit entities to provide personal services by use of  
7 fee-for-services and/or client services contracts has become necessary  
8 to effective state agency operations. The legislature further finds  
9 that there is a need to fundamentally examine how state contracts of  
10 this type are managed. Thus, the legislature intends that a  
11 comprehensive study take place that will identify methods for improving  
12 state-wide practices relating to fee-for-services and client services  
13 contracts.

14 NEW SECTION. **Sec. 2.** The definitions in this section apply  
15 throughout this act, unless the context clearly requires otherwise.

16 (1) "Agency" means every state office, department, division,  
17 bureau, board, committee, or other state agency.

1 (2) "Task force" means the task force on agency vendor contracting  
2 practices.

3 (3) "Contractor" means any not-for-profit entity holding a fee-for-  
4 services and/or client services contract or grant with the state of  
5 Washington, as defined in chapter 39.29 RCW.

6 (4) "Contract" means any fee-for-services and/or client services  
7 contract or grant as defined in chapter 39.29 RCW.

8 NEW SECTION. **Sec. 3.** A task force on agency vendor contracting  
9 practices is established. The task force shall be convened by the  
10 office of financial management and shall be composed of nine members to  
11 be appointed by the director of the office of financial management.  
12 Two members of the task force shall be chosen as representatives of  
13 contractors. Two members of the task force shall be chosen for their  
14 personal work experiences as state employees responsible for  
15 administering contracts. All other task force members shall be  
16 selected for their knowledge and experience with state agency practices  
17 governing contracts. The director of the office of financial  
18 management shall appoint a chair from among the members of the task  
19 force. The task force shall invite and incorporate the participation  
20 of interested legislative members.

21 NEW SECTION. **Sec. 4.** (1) The task force shall review and propose  
22 legislative and administrative recommendations for the following  
23 issues:

24 (a) The adequacy of chapter 39.29 RCW in governing agency contract  
25 management. Such a review shall include, but is not limited to,  
26 whether the exemptions contained in RCW 39.29.040 (4) and (6) are  
27 appropriate in maintaining agency oversight and accountability for  
28 moneys used to engage contractors;

29 (b) Process improvements that ensure adequacy of contract oversight  
30 and provide accountability for taxpayer moneys, including the specific  
31 roles of the office of financial management and other state agencies in  
32 ensuring the accountability of public funds;

33 (c) The appropriate level of state reimbursement which will  
34 determine which contractors are eligible to be audited by the office of  
35 the state auditor using his/her authority under RCW 43.88.570. The  
36 task force shall additionally recommend appropriate funding resources  
37 for the office of the state auditor to exercise its authority to audit

1 not-for-profit corporations who provide personal services to a state  
2 agency or to clients of a state agency, under chapter 43.09 RCW, and  
3 nongovernmental entities under RCW 43.88.570;

4 (d) Whether uniform contract guidelines as exemplified by those  
5 adopted in other states, such as Texas, are appropriate or necessary,  
6 and the adequacy of current contract requirements and practices for  
7 contractor selection and award, contract compliance with state and  
8 federal standards, contract management and monitoring, accounting  
9 methods, payment mechanisms, postcontract procedures, contract legal  
10 remedies and performance audits, sanctions to ensure contract  
11 compliance, and financial reporting.

12 (2) The task force may utilize a cost-benefit analysis in preparing  
13 its recommendations. The task force shall develop proposed procedures,  
14 policies, and guidelines, and, if necessary, proposed legislation or  
15 administrative rules, to address the issues of its review.

16 NEW SECTION. **Sec. 5.** The task force, where feasible, shall  
17 collaborate with individuals from the public and private sector and may  
18 ask such persons to establish an advisory committee. Agencies shall  
19 cooperate with the office of financial management and provide the task  
20 force with support and assistance necessary to carry out the purposes  
21 of this act. The task force may consider the suggestions of agencies  
22 in preparing its recommendations, including any findings and  
23 information provided by the joint legislative audit and review  
24 committee.

25 NEW SECTION. **Sec. 6.** The task force, where feasible, shall use  
26 office of financial management staff and facilities, but may hire  
27 additional staff with specific technical expertise if such expertise is  
28 necessary to carry out the mandates of the study in this act. Each  
29 member of the task force shall be reimbursed for travel expenses in  
30 accordance with RCW 43.03.050 and 43.03.060.

31 NEW SECTION. **Sec. 7.** By November 1, 1999, the task force shall  
32 report its findings to the house of representatives vendor contracting  
33 and services select committee, or to the most appropriate house of  
34 representatives standing committee in the event that the vendor  
35 contracting and services select committee no longer exists.

1        NEW SECTION.    **Sec. 8.**    The sum of two hundred seven thousand eight  
2 hundred twenty-five dollars, or as much thereof as may be necessary, is  
3 appropriated for the fiscal year ending June 30, 1999, from the general  
4 fund to the office of financial management.    The appropriation in this  
5 section is provided solely for the purposes of sections 3 through 7 of  
6 this act, and any portion of this amount that is unnecessary to fulfill  
7 these purposes shall lapse.

8        NEW SECTION.    **Sec. 9.**    If any provision of this act or its  
9 application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

12        NEW SECTION.    **Sec. 10.**    This act expires January 1, 2000.

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