

HOUSE BILL REPORT

HB 2858

As Passed House:
February 11, 2010

Title: An act relating to purchasing authority of institutions of higher education with group purchasing organizations.

Brief Description: Regarding the purchasing authority of institutions of higher education.

Sponsors: Representatives Appleton, Anderson, Sells, White and Wallace.

Brief History:

Committee Activity:

Higher Education: 1/19/10, 1/20/10 [DP].

Floor Activity:

Passed House: 2/11/10, 97-0.

Brief Summary of Bill

- Provides institutions of higher education the authority to participate in group purchasing agreements.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 10 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Angel, Carlyle, Driscoll, Haler, Hasegawa and White.

Staff: Andi Smith (786-7304).

Background:

As agencies of Washington, the institutions of higher education have been granted statutory authority by the Legislature in many areas concerning general operation and administration. The enabling statutes that establish each institution and proscribe powers and duties to the various boards of regents or trustees each contain provisions that authorize the boards to delegate powers and duties to the president or his or her designee. Each has adopted specific delegations governing procurement transactions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Revised Code of Washington (RCW) contains several chapters that deal specifically with how the procurement process will occur. They are as follows:

RCW 43.19.

Establishes the state procurement code. Each of the institutions has several elements of authority granted to it in 43.19: (1) "The primary authority for the purchase of specialized equipment, instructional, and research material for their own use;" (2) authority to conduct all other purchases in accordance with the requirements of RCW 43.19, regardless of whether Washington has mandatory use contracts in place for the goods or services required; (3) the purchase of materials, supplies, and equipment for resale to other than public agencies rests with the institutions; and (4) certain provisions are stated which allow for acquisitions other than through the formal sealed-bid process. These include: purchases from legitimate sole sources, purchases from non-profit cooperative hospital group purchasing organizations, and emergency purchases.

RCW 39.29.

Personal Service contracts are governed by RCW 39.29 and require that institutions must conduct these contracts in accordance with regulations adopted by the Washington State Office of Financial Management.

RCW 43.78.

The institutions are given discretion whether to use the services of the state printer. Often times, the governing board delegates authority to conduct acquisitions of printing services to a particular department. For instance, at the University of Washington, the power is delegated to the University's Publications Services Department.

RCW 43.105.

The Department of Information Services (DIS) adopts regulations and delegates authority to individual agencies for conducting the acquisitions of data processing and communications goods and services. The institutions have been delegated authority by the DIS to conduct all such acquisitions, with review required by the DIS for only the largest acquisitions.

Current law authorizes cooperative purchasing to Washington but only with other federal and state governmental entities. A number of universities and colleges throughout the United States participate in group purchasing organization contracts established by consortia of universities or other entities and realize significant savings due to the combined purchasing power from member institutions.

Summary of Bill:

The institutions of higher education are authorized to make purchases that are governed by the state procurement code, state regulations regarding personal service contracts, the state printer, and the DIS, through group purchasing organizations.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) We are living in tough times. Resources are shrinking and this bill gives schools a chance to perform more efficiently. It is a good bill. This bill allows the institutions more flexibility. We are all working with smaller budgets and this would give us another tool in becoming more efficient. There is an existing inter-local agreement that allows the 40 colleges of Washington to collaborate and put together contracts. These group purchasing organizations would go beyond those consortia and allow us to negotiate with more groups. The group purchasing organizations are also more focused on specialty items, since there are items that the research institutions may have use for that the other colleges and universities in Washington simply do not. These purchases have already been vetted by other specific groups and it allows us to serve our internal customers better. Simply put, this allows us to be more efficient in our practices.

(Opposed) None.

Persons Testifying: Representative Anderson; Terry Teale, Council of Presidents; Kathleen Haskett, The Evergreen State College; and Dennis Gawlik, University of Washington.

Persons Signed In To Testify But Not Testifying: None.