
SUBSTITUTE HOUSE BILL 2585

State of Washington

62nd Legislature

2012 Regular Session

By House Higher Education (originally sponsored by Representatives Springer, Haler, Eddy, Seaquist, and Zeiger)

READ FIRST TIME 01/31/12.

1 AN ACT Relating to creating efficiencies for institutions of higher
2 education; amending RCW 43.19.1906, 43.88.160, and 41.04.240; and
3 reenacting and amending RCW 39.29.011, 41.06.133, and 28B.10.029.

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

5 **Sec. 1.** RCW 43.19.1906 and 2011 1st sp.s. c 43 s 210 are each
6 amended to read as follows:

7 Insofar as practicable, all purchases and sales shall be based on
8 competitive bids, and a formal sealed, electronic, or web-based bid
9 procedure, subject to RCW 43.19.1911, shall be used as standard
10 procedure for all purchases and contracts for purchases and sales
11 executed by the director and under the powers granted by RCW 43.19.190
12 through 43.19.1939. This requirement also applies to purchases and
13 contracts for purchases and sales executed by agencies, including
14 educational institutions, under delegated authority granted in
15 accordance with provisions of RCW 43.19.190 or under RCW 28B.10.029.
16 However, formal sealed, electronic, or web-based competitive bidding is
17 not necessary for:

18 (1) Emergency purchases made pursuant to RCW 43.19.200 if the

1 sealed bidding procedure would prevent or hinder the emergency from
2 being met appropriately;

3 (2) Direct buy purchases and informal competitive bidding, as
4 designated by the director of enterprise services. The director of
5 enterprise services shall establish policies annually to define
6 criteria and dollar thresholds for direct buy purchases and informal
7 competitive bidding limits. These criteria may be adjusted to
8 accommodate special market conditions and to promote market diversity
9 for the benefit of the citizens of the state of Washington;

10 (3) Purchases which are clearly and legitimately limited to a
11 single source of supply and purchases involving special facilities,
12 services, or market conditions, in which instances the purchase price
13 may be best established by direct negotiation;

14 (4) Purchases of insurance and bonds by the risk management office
15 under RCW 43.19.769;

16 (5) Purchases and contracts for vocational rehabilitation clients
17 of the department of social and health services: PROVIDED, That this
18 exemption is effective only when the director of enterprise services,
19 after consultation with the director of the division of vocational
20 rehabilitation and appropriate department of social and health services
21 procurement personnel, declares that such purchases may be best
22 executed through direct negotiation with one or more suppliers in order
23 to expeditiously meet the special needs of the state's vocational
24 rehabilitation clients;

25 (6) Purchases by universities for hospital operation or biomedical
26 teaching or research purposes and by the director of enterprise
27 services, as the agent for state hospitals as defined in RCW 72.23.010,
28 and for health care programs provided in state correctional
29 institutions as defined in RCW 72.65.010(3) and veterans' institutions
30 as defined in RCW 72.36.010 and 72.36.070, made by participating in
31 contracts for materials, supplies, and equipment entered into by
32 nonprofit cooperative hospital group purchasing organizations;

33 (7) Purchases for resale by institutions of higher education to
34 other than public agencies when such purchases are for the express
35 purpose of supporting instructional programs and may best be executed
36 through direct negotiation with one or more suppliers in order to meet
37 the special needs of the institution;

1 (8) Purchases by institutions of higher education under RCW
2 43.19.190(2), direct buy purchases, and informal competitive bidding,
3 as designated by the director of enterprise services; ((and))

4 (9) Purchases by institutions of higher education less than one
5 hundred thousand dollars. However, for purchases of ten thousand
6 dollars or more and less than one hundred thousand dollars, quotations
7 must be secured from at least three vendors to assure establishment of
8 a competitive price and may be obtained by telephone or written
9 quotations, or both. For purchases of ten thousand dollars or more and
10 less than one hundred thousand dollars, each institution of higher
11 education shall post the purchasing opportunity on the institution's
12 web site for thirty days prior to an award, and invite at least one
13 quotation each from a certified minority and a certified woman-owned
14 vendor that otherwise qualifies to perform the work. A record of
15 competition for all such purchases of ten thousand dollars or more and
16 less than one hundred thousand dollars must be documented for audit
17 purposes; and

18 (10) Off-contract purchases of Washington grown food when such food
19 is not available from Washington sources through an existing contract.
20 However, Washington grown food purchased under this subsection must be
21 of an equivalent or better quality than similar food available through
22 the contract and be able to be paid from the agency's existing budget.
23 This requirement also applies to purchases and contracts for purchases
24 executed by state agencies, including institutions of higher education,
25 under delegated authority granted in accordance with RCW 43.19.190 or
26 under RCW 28B.10.029.

27 ((Beginning on July 1, 1995, and on July 1st of each succeeding
28 odd-numbered year, the dollar limits specified in this section shall be
29 adjusted as follows: The office of financial management shall
30 calculate such limits by adjusting the previous biennium's limits by
31 the appropriate federal inflationary index reflecting the rate of
32 inflation for the previous biennium. Such amounts shall be rounded to
33 the nearest one hundred dollars.))

34 As used in this section, "Washington grown" has the definition in
35 RCW 15.64.060.

36 **Sec. 2.** RCW 39.29.011 and 2011 1st sp.s. c 43 s 522 and 2011 c 358
37 s 4 are each reenacted and amended to read as follows:

1 All personal service contracts shall be entered into pursuant to
2 competitive solicitation, except for:

3 (1) Emergency contracts;

4 (2) Sole source contracts;

5 (3) Contract amendments;

6 (4) Contracts of less than twenty thousand dollars between a
7 consultant and an agency (~~(of less than twenty thousand dollars)~~) other
8 than an institution of higher education as defined in RCW 28B.10.016.

9 However, contracts of five thousand dollars or greater but less than
10 ten thousand dollars shall have documented evidence of competition.
11 Contracts of ten thousand dollars or greater, but less than twenty
12 thousand dollars, shall have documented evidence of competition, which
13 must include agency posting of the contract opportunity on the state's
14 common vendor registration and bid notification system. Agencies shall
15 not structure contracts to evade these requirements;

16 (5) Contracts of less than one hundred thousand dollars between a
17 consultant and an institution of higher education as defined in RCW
18 28B.10.016. However, for contracts of ten thousand dollars or greater
19 but less than one hundred thousand dollars, institutions of higher
20 education must invite at least one quotation each from a certified
21 minority and a certified woman-owned vendor that otherwise qualifies to
22 do the work, and post the contract opportunity on the institution's web
23 site for thirty days prior to an award, and document evidence of
24 competition. ((Agencies)) Institutions shall not structure contracts
25 to evade these requirements; and

26 ~~((+5))~~ (6) Other specific contracts or classes or groups of
27 contracts exempted from the competitive solicitation process by the
28 director of the department of enterprise services when it has been
29 determined that a competitive solicitation process is not appropriate
30 or cost-effective.

31 **Sec. 3.** RCW 43.88.160 and 2006 c 1 s 6 are each amended to read as
32 follows:

33 This section sets forth the major fiscal duties and
34 responsibilities of officers and agencies of the executive branch. The
35 regulations issued by the governor pursuant to this chapter shall
36 provide for a comprehensive, orderly basis for fiscal management and
37 control, including efficient accounting and reporting therefor, for the

1 executive branch of the state government and may include, in addition,
2 such requirements as will generally promote more efficient public
3 management in the state.

4 (1) Governor; director of financial management. The governor,
5 through the director of financial management, shall devise and
6 supervise a modern and complete accounting system for each agency to
7 the end that all revenues, expenditures, receipts, disbursements,
8 resources, and obligations of the state shall be properly and
9 systematically accounted for. The accounting system shall include the
10 development of accurate, timely records and reports of all financial
11 affairs of the state. The system shall also provide for central
12 accounts in the office of financial management at the level of detail
13 deemed necessary by the director to perform central financial
14 management. The director of financial management shall adopt and
15 periodically update an accounting procedures manual. Any agency
16 maintaining its own accounting and reporting system shall comply with
17 the updated accounting procedures manual and the rules of the director
18 adopted under this chapter. An agency may receive a waiver from
19 complying with this requirement if the waiver is approved by the
20 director. Waivers expire at the end of the fiscal biennium for which
21 they are granted. The director shall forward notice of waivers granted
22 to the appropriate legislative fiscal committees. The director of
23 financial management may require such financial, statistical, and other
24 reports as the director deems necessary from all agencies covering any
25 period.

26 (2) Except as provided in chapter 43.88C RCW, the director of
27 financial management is responsible for quarterly reporting of primary
28 operating budget drivers such as applicable workloads, caseload
29 estimates, and appropriate unit cost data. These reports shall be
30 transmitted to the legislative fiscal committees or by electronic means
31 to the legislative evaluation and accountability program committee.
32 Quarterly reports shall include actual monthly data and the variance
33 between actual and estimated data to date. The reports shall also
34 include estimates of these items for the remainder of the budget
35 period.

36 (3) The director of financial management shall report at least
37 annually to the appropriate legislative committees regarding the status
38 of all appropriated capital projects, including transportation

1 projects, showing significant cost overruns or underruns. If funds are
2 shifted from one project to another, the office of financial management
3 shall also reflect this in the annual variance report. Once a project
4 is complete, the report shall provide a final summary showing estimated
5 start and completion dates of each project phase compared to actual
6 dates, estimated costs of each project phase compared to actual costs,
7 and whether or not there are any outstanding liabilities or unsettled
8 claims at the time of completion.

9 (4) In addition, the director of financial management, as agent of
10 the governor, shall:

11 (a) Develop and maintain a system of internal controls and internal
12 audits comprising methods and procedures to be adopted by each agency
13 that will safeguard its assets, check the accuracy and reliability of
14 its accounting data, promote operational efficiency, and encourage
15 adherence to prescribed managerial policies for accounting and
16 financial controls. The system developed by the director shall include
17 criteria for determining the scope and comprehensiveness of internal
18 controls required by classes of agencies, depending on the level of
19 resources at risk.

20 Each agency head or authorized designee shall be assigned the
21 responsibility and authority for establishing and maintaining internal
22 audits following the standards of internal auditing of the institute of
23 internal auditors;

24 (b) Make surveys and analyses of agencies with the object of
25 determining better methods and increased effectiveness in the use of
26 manpower and materials; and the director shall authorize expenditures
27 for employee training to the end that the state may benefit from
28 training facilities made available to state employees;

29 (c) Establish policies for allowing the contracting of child care
30 services;

31 (d) Report to the governor with regard to duplication of effort or
32 lack of coordination among agencies;

33 (e) Review any pay and classification plans, and changes
34 thereunder, developed by any agency for their fiscal impact: PROVIDED,
35 That none of the provisions of this subsection shall affect merit
36 systems of personnel management now existing or hereafter established
37 by statute relating to the fixing of qualifications requirements for
38 recruitment, appointment, or promotion of employees of any agency. The

1 director shall advise and confer with agencies including appropriate
2 standing committees of the legislature as may be designated by the
3 speaker of the house and the president of the senate regarding the
4 fiscal impact of such plans and may amend or alter the plans, except
5 that for the following agencies no amendment or alteration of the plans
6 may be made without the approval of the agency concerned: Agencies
7 headed by elective officials;

8 (f) Fix the number and classes of positions or authorized employee
9 years of employment for each agency and during the fiscal period amend
10 the determinations previously fixed by the director except that the
11 director shall not be empowered to fix the number or the classes for
12 the following: Agencies headed by elective officials;

13 (g) Adopt rules to effectuate provisions contained in (a) through
14 (f) of this subsection.

15 (5) The treasurer shall:

16 (a) Receive, keep, and disburse all public funds of the state not
17 expressly required by law to be received, kept, and disbursed by some
18 other persons: PROVIDED, That this subsection shall not apply to those
19 public funds of the institutions of higher learning which are not
20 subject to appropriation;

21 (b) Receive, disburse, or transfer public funds under the
22 treasurer's supervision or custody;

23 (c) Keep a correct and current account of all moneys received and
24 disbursed by the treasurer, classified by fund or account;

25 (d) Coordinate agencies' acceptance and use of credit cards and
26 other payment methods, if the agencies have received authorization
27 under RCW 43.41.180;

28 (e) Perform such other duties as may be required by law or by
29 regulations issued pursuant to this law.

30 It shall be unlawful for the treasurer to disburse public funds in
31 the treasury except upon forms or by alternative means duly prescribed
32 by the director of financial management. These forms or alternative
33 means shall provide for authentication and certification by the agency
34 head or the agency head's designee that the services have been rendered
35 or the materials have been furnished; or, in the case of loans or
36 grants, that the loans or grants are authorized by law; or, in the case
37 of payments for periodic maintenance services to be performed on state
38 owned equipment, that a written contract for such periodic maintenance

1 services is currently in effect; and the treasurer shall not be liable
2 under the treasurer's surety bond for erroneous or improper payments so
3 made. When services are lawfully paid for in advance of full
4 performance by any private individual or business entity other than
5 equipment maintenance providers or as provided for by RCW 42.24.035,
6 such individual or entity other than central stores rendering such
7 services shall make a cash deposit or furnish surety bond coverage to
8 the state as shall be fixed in an amount by law, or if not fixed by
9 law, then in such amounts as shall be fixed by the director of the
10 department of (~~general administration~~) enterprise services but in no
11 case shall such required cash deposit or surety bond be less than an
12 amount which will fully indemnify the state against any and all losses
13 on account of breach of promise to fully perform such services. No
14 payments shall be made in advance for any equipment maintenance
15 services to be performed more than twelve months after such payment
16 except that institutions of higher education as defined in RCW
17 28B.10.016 may make payments in advance for equipment maintenance
18 services to be performed up to sixty months after such payment. Any
19 such bond so furnished shall be conditioned that the person, firm or
20 corporation receiving the advance payment will apply it toward
21 performance of the contract. The responsibility for recovery of
22 erroneous or improper payments made under this section shall lie with
23 the agency head or the agency head's designee in accordance with
24 (~~regulations~~) rules issued pursuant to this chapter. Nothing in this
25 section shall be construed to permit a public body to advance funds to
26 a private service provider pursuant to a grant or loan before services
27 have been rendered or material furnished.

28 (6) The state auditor shall:

29 (a) Report to the legislature the results of current post audits
30 that have been made of the financial transactions of each agency; to
31 this end the auditor may, in the auditor's discretion, examine the
32 books and accounts of any agency, official, or employee charged with
33 the receipt, custody, or safekeeping of public funds. Where feasible
34 in conducting examinations, the auditor shall utilize data and findings
35 from the internal control system prescribed by the office of financial
36 management. The current post audit of each agency may include a
37 section on recommendations to the legislature as provided in (c) of
38 this subsection.

1 (b) Give information to the legislature, whenever required, upon
2 any subject relating to the financial affairs of the state.

3 (c) Make the auditor's official report on or before the thirty-
4 first of December which precedes the meeting of the legislature. The
5 report shall be for the last complete fiscal period and shall include
6 determinations as to whether agencies, in making expenditures, complied
7 with the laws of this state. The state auditor is authorized to
8 perform or participate in performance verifications and performance
9 audits as expressly authorized by the legislature in the omnibus
10 biennial appropriations acts or in the performance audit work plan
11 approved by the joint legislative audit and review committee. The
12 state auditor, upon completing an audit for legal and financial
13 compliance under chapter 43.09 RCW or a performance verification, may
14 report to the joint legislative audit and review committee or other
15 appropriate committees of the legislature, in a manner prescribed by
16 the joint legislative audit and review committee, on facts relating to
17 the management or performance of governmental programs where such facts
18 are discovered incidental to the legal and financial audit or
19 performance verification. The auditor may make such a report to a
20 legislative committee only if the auditor has determined that the
21 agency has been given an opportunity and has failed to resolve the
22 management or performance issues raised by the auditor. If the auditor
23 makes a report to a legislative committee, the agency may submit to the
24 committee a response to the report. This subsection (6) shall not be
25 construed to authorize the auditor to allocate other than de minimis
26 resources to performance audits except as expressly authorized in the
27 appropriations acts or in the performance audit work plan. The results
28 of a performance audit conducted by the state auditor that has been
29 requested by the joint legislative audit and review committee must only
30 be transmitted to the joint legislative audit and review committee.

31 (d) Be empowered to take exception to specific expenditures that
32 have been incurred by any agency or to take exception to other
33 practices related in any way to the agency's financial transactions and
34 to cause such exceptions to be made a matter of public record,
35 including disclosure to the agency concerned and to the director of
36 financial management. It shall be the duty of the director of
37 financial management to cause corrective action to be taken within six
38 months, such action to include, as appropriate, the withholding of

1 funds as provided in RCW 43.88.110. The director of financial
2 management shall annually report by December 31st the status of audit
3 resolution to the appropriate committees of the legislature, the state
4 auditor, and the attorney general. The director of financial
5 management shall include in the audit resolution report actions taken
6 as a result of an audit including, but not limited to, types of
7 personnel actions, costs and types of litigation, and value of recouped
8 goods or services.

9 (e) Promptly report any irregularities to the attorney general.

10 (f) Investigate improper governmental activity under chapter 42.40
11 RCW.

12 (~~(g)~~) In addition to the authority given to the state auditor in
13 this subsection (6), the state auditor is authorized to conduct
14 performance audits identified in RCW 43.09.470. Nothing in this
15 subsection (6) shall limit, impede, or restrict the state auditor from
16 conducting performance audits identified in RCW 43.09.470.

17 (7) The joint legislative audit and review committee may:

18 (a) Make post audits of the financial transactions of any agency
19 and management surveys and program reviews as provided for in chapter
20 44.28 RCW as well as performance audits and program evaluations. To
21 this end the joint committee may in its discretion examine the books,
22 accounts, and other records of any agency, official, or employee.

23 (b) Give information to the legislature or any legislative
24 committee whenever required upon any subject relating to the
25 performance and management of state agencies.

26 (c) Make a report to the legislature which shall include at least
27 the following:

28 (i) Determinations as to the extent to which agencies in making
29 expenditures have complied with the will of the legislature and in this
30 connection, may take exception to specific expenditures or financial
31 practices of any agencies; and

32 (ii) Such plans as it deems expedient for the support of the
33 state's credit, for lessening expenditures, for promoting frugality and
34 economy in agency affairs, and generally for an improved level of
35 fiscal management.

36 **Sec. 4.** RCW 41.06.133 and 2011 1st sp.s. c 43 s 407 and 2011 1st
37 sp.s. c 39 s 5 are each reenacted and amended to read as follows:

1 (1) The director shall adopt rules, consistent with the purposes
2 and provisions of this chapter and with the best standards of personnel
3 administration, regarding the basis and procedures to be followed for:

4 (a) The reduction, dismissal, suspension, or demotion of an
5 employee;

6 (b) Training and career development;

7 (c) Probationary periods of six to twelve months and rejections of
8 probationary employees, depending on the job requirements of the class,
9 except as follows:

10 (i) Entry level state park rangers shall serve a probationary
11 period of twelve months; and

12 (ii) The probationary period of campus police officer appointees
13 who are required to attend the Washington state criminal justice
14 training commission basic law enforcement academy shall extend from the
15 date of appointment until twelve months from the date of successful
16 completion of the basic law enforcement academy, or twelve months from
17 the date of appointment if academy training is not required. The
18 director shall adopt rules to ensure that employees promoting to campus
19 police officer who are required to attend the Washington state criminal
20 justice training commission basic law enforcement academy shall have
21 the trial service period extend from the date of appointment until
22 twelve months from the date of successful completion of the basic law
23 enforcement academy, or twelve months from the date of appointment if
24 academy training is not required;

25 (d) Transfers;

26 (e) Promotional preferences;

27 (f) Sick leaves and vacations;

28 (g) Hours of work;

29 (h) Layoffs when necessary and subsequent reemployment, except for
30 the financial basis for layoffs;

31 (i) The number of names to be certified for vacancies;

32 (j) Subject to RCW 41.04.820, adoption and revision of a state
33 salary schedule to reflect the prevailing rates in Washington state
34 private industries and other governmental units. The rates in the
35 salary schedules or plans shall be increased if necessary to attain
36 comparable worth under an implementation plan under RCW 41.06.155 and,
37 for institutions of higher education and related boards, shall be
38 competitive for positions of a similar nature in the state or the

1 locality in which an institution of higher education or related board
2 is located. Such adoption and revision is subject to approval by the
3 director of financial management in accordance with chapter 43.88 RCW;

4 (k) Increment increases within the series of steps for each pay
5 grade based on length of service for all employees whose standards of
6 performance are such as to permit them to retain job status in the
7 classified service. From February 18, 2009, through June 30, 2013, a
8 salary or wage increase shall not be granted to any exempt position
9 under this chapter, except that a salary or wage increase may be
10 granted to employees pursuant to collective bargaining agreements
11 negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW, and except
12 that increases may be granted for positions for which the employer has
13 demonstrated difficulty retaining qualified employees if the following
14 conditions are met:

15 (i) The salary increase can be paid within existing resources;

16 (ii) The salary increase will not adversely impact the provision of
17 client services; and

18 (iii) For any state agency of the executive branch, not including
19 institutions of higher education, the salary increase is approved by
20 the director of the office of financial management;

21 Any agency granting a salary increase from February 15, 2010,
22 through June 30, 2011, to a position exempt under this chapter shall
23 submit a report to the fiscal committees of the legislature no later
24 than July 31, 2011, detailing the positions for which salary increases
25 were granted, the size of the increases, and the reasons for giving the
26 increases;

27 Any agency granting a salary increase from July 1, 2011, through
28 June 30, 2013, to a position exempt under this chapter shall submit a
29 report to the fiscal committees of the legislature by July 31, 2012,
30 and July 31, 2013, detailing the positions for which salary increases
31 were granted during the preceding fiscal year, the size of the
32 increases, and the reasons for giving the increases;

33 (l) Optional lump sum relocation compensation approved by the
34 agency director, whenever it is reasonably necessary that a person make
35 a domiciliary move in accepting a transfer or other employment with the
36 state. An agency must provide lump sum compensation within existing
37 resources. If the person receiving the relocation payment terminates
38 or causes termination with the state, for reasons other than layoff,

1 disability separation, or other good cause as determined by an agency
2 director, within one year of the date of the employment, the state is
3 entitled to reimbursement of the lump sum compensation from the person;

4 (m) Providing for veteran's preference as required by existing
5 statutes, with recognition of preference in regard to layoffs and
6 subsequent reemployment for veterans and their surviving spouses by
7 giving such eligible veterans and their surviving spouses additional
8 credit in computing their seniority by adding to their unbroken state
9 service, as defined by the director, the veteran's service in the
10 military not to exceed five years. For the purposes of this section,
11 "veteran" means any person who has one or more years of active military
12 service in any branch of the armed forces of the United States or who
13 has less than one year's service and is discharged with a disability
14 incurred in the line of duty or is discharged at the convenience of the
15 government and who, upon termination of such service, has received an
16 honorable discharge, a discharge for physical reasons with an honorable
17 record, or a release from active military service with evidence of
18 service other than that for which an undesirable, bad conduct, or
19 dishonorable discharge shall be given. However, the surviving spouse
20 of a veteran is entitled to the benefits of this section regardless of
21 the veteran's length of active military service. For the purposes of
22 this section, "veteran" does not include any person who has voluntarily
23 retired with twenty or more years of active military service and whose
24 military retirement pay is in excess of five hundred dollars per month.

25 (2) Rules adopted under this section by the director shall provide
26 for local administration and management by the institutions of higher
27 education and related boards, subject to periodic audit and review by
28 the director. For classifications the director has approved for
29 inclusion in higher education health care special pay, institutions of
30 higher education are authorized to implement compensation changes
31 including but not limited to increases in salary ranges, new top steps
32 in salary ranges, premium pay, and adjustments for community practice.
33 Institutions of higher education may also make such changes for other
34 health care classifications that the institutions may identify.
35 Institutions of higher education shall report annually to the director
36 changes they have made under the provisions of this section.

37 (3) Rules adopted by the director under this section may be
38 superseded by the provisions of a collective bargaining agreement

1 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The
2 supersession of such rules shall only affect employees in the
3 respective collective bargaining units.

4 (4)(a) The director shall require that each state agency report
5 annually the following data:

6 (i) The number of classified, Washington management service, and
7 exempt employees in the agency and the change compared to the previous
8 report;

9 (ii) The number of bonuses and performance-based incentives awarded
10 to agency staff and the base wages of such employees; and

11 (iii) The cost of each bonus or incentive awarded.

12 (b) A report that compiles the data in (a) of this subsection for
13 all agencies will be provided annually to the governor and the
14 appropriate committees of the legislature and must be posted for the
15 public on the office of financial management's agency web site.

16 (5) From February 15, 2010, until June 30, 2013, no monetary
17 performance-based awards or incentives may be granted by the director
18 or employers to employees covered by rules adopted under this section.
19 This subsection does not prohibit the payment of awards provided for in
20 chapter 41.60 RCW.

21 From July 1, 2011, until June 30, 2013, no performance-based awards
22 or incentives may be granted by the director or employers to employees
23 pursuant to a performance management confirmation granted by the
24 department of personnel under WAC 357-37-055.

25 **Sec. 5.** RCW 41.04.240 and 1977 ex.s. c 269 s 1 are each amended to
26 read as follows:

27 (1) Except with regard to institutions of higher education as
28 defined in RCW 28B.10.016, any official of the state or of any
29 political subdivision, municipal corporation, or quasi-municipal
30 corporation authorized to disburse funds in payment of salaries and
31 wages of employees is authorized upon written request of at least
32 twenty-five employees to pay all or part of such salaries or wages to
33 any financial institution for either: ((+1)) (a) Credit to the
34 employees' accounts in such financial institution; or ((+2)) (b)
35 immediate transfer therefrom to the employees' accounts in any other
36 financial institutions((+PROVIDED, That)).

1 (2) In disbursing funds for payment of salaries and wages of
2 employees, institutions of higher education as defined in RCW
3 28B.10.016 are authorized to pay such salaries or wages to any
4 financial institution for either: (a) Credit to the employees'
5 accounts in such financial institution; or (b) immediate transfer
6 therefrom to the employees' accounts in any other financial
7 institutions. Institutions of higher education may also provide
8 alternate payment methods such as payroll cards for employees who do
9 not have an account in a financial institution.

10 (3) Nothing in this section shall be construed as authorizing any
11 employer to require the employees to have an account in any particular
12 financial institution or type of financial institution. A single
13 warrant may be drawn in favor of such financial institution, for the
14 total amount due the employees involved, and written directions
15 provided to such financial institution of the amount to be credited to
16 the account of an employee or to be transferred to an account in
17 another financial institution for such employee. The issuance and
18 delivery by the disbursing officer of a warrant in accordance with the
19 procedure set forth herein and proper indorsement thereof by the
20 financial institution shall have the same legal effect as payment
21 directly to the employee.

22 For the purposes of this section "financial institution" means any
23 bank or trust company established in this state pursuant to chapter 2,
24 Title 12, United States Code, or Title 30 RCW, and any credit union
25 established in this state pursuant to chapter 14, Title 12, United
26 States Code, or chapter 31.12 RCW, and any mutual savings bank
27 established in this state pursuant to Title 32 RCW, and any savings and
28 loan association established in this state pursuant to chapter 12,
29 Title 12, United States Code, or Title 33 RCW.

30 **Sec. 6.** RCW 28B.10.029 and 2011 1st sp.s. c 43 s 303 and 2011 c
31 198 s 1 are each reenacted and amended to read as follows:

32 (1)(a) An institution of higher education may exercise
33 independently those powers otherwise granted to the director of
34 enterprise services in chapter 43.19 RCW in connection with the
35 purchase and disposition of all material, supplies, services, and
36 equipment needed for the support, maintenance, and use of the
37 respective institution of higher education.

1 (b) Property disposition policies followed by institutions of
2 higher education shall be consistent with policies followed by the
3 department of enterprise services.

4 (c)(i) Except as provided in (c)(ii) of this subsection, purchasing
5 policies and procedures followed by institutions of higher education
6 shall be in compliance with chapters 39.19, 39.29, and 43.03 RCW, and
7 RCW 43.19.1901, 43.19.1906, 43.19.1911, 43.19.1917, 43.19.1937,
8 43.19.685, 43.19.700 through 43.19.704, and 43.19.560 through
9 43.19.637.

10 (ii) Institutions of higher education may use all appropriate means
11 for making and paying for travel arrangements including, but not
12 limited to, electronic booking and reservations, advance payment and
13 deposits for tours, lodging and other necessary expenses, and other
14 travel transactions based on standard industry practices and federal
15 accountable plan requirements. Such arrangements shall support
16 student, faculty, staff, and other participants' travel, by groups and
17 individuals, both domestic and international, in the most cost-
18 effective and efficient manner possible, regardless of the source of
19 funds.

20 (d) Purchases under chapter 39.29, 43.19, or 43.105 RCW by
21 institutions of higher education may be made by using contracts for
22 materials, supplies, services, or equipment negotiated or entered into
23 by, for, or through group purchasing organizations.

24 (e) The community and technical colleges shall comply with RCW
25 43.19.450.

26 (f) Except for the University of Washington, institutions of higher
27 education shall comply with RCW 43.19.769, 43.19.763, and 43.19.781.

28 (g) If an institution of higher education can satisfactorily
29 demonstrate to the director of the office of financial management that
30 the cost of compliance is greater than the value of benefits from any
31 of the following statutes, then it shall be exempt from them: RCW
32 43.19.685 and 43.19.637.

33 (h) Any institution of higher education that chooses to exercise
34 independent purchasing authority for a commodity or group of
35 commodities shall notify the director of enterprise services.
36 Thereafter the director of enterprise services shall not be required to
37 provide those services for that institution for the duration of the

1 enterprise services contract term for that commodity or group of
2 commodities.

3 (2) The council of presidents and the state board for community and
4 technical colleges shall convene its correctional industries business
5 development advisory committee, and work collaboratively with
6 correctional industries, to:

7 (a) Reaffirm purchasing criteria and ensure that quality, service,
8 and timely delivery result in the best value for expenditure of state
9 dollars;

10 (b) Update the approved list of correctional industries products
11 from which higher education shall purchase; and

12 (c) Develop recommendations on ways to continue to build
13 correctional industries' business with institutions of higher
14 education.

15 (3) Higher education and correctional industries shall develop a
16 plan to build higher education business with correctional industries to
17 increase higher education purchases of correctional industries
18 products, based upon the criteria established in subsection (2) of this
19 section. The plan shall include the correctional industries'
20 production and sales goals for higher education and an approved list of
21 products from which higher education institutions shall purchase, based
22 on the criteria established in subsection (2) of this section. Higher
23 education and correctional industries shall report to the legislature
24 regarding the plan and its implementation no later than January 30,
25 2005.

26 (4)(a) Institutions of higher education shall set as a target to
27 contract, beginning not later than June 30, 2006, to purchase one
28 percent of the total goods and services required by the institutions
29 each year produced or provided in whole or in part from class II inmate
30 work programs operated by the department of corrections. Institutions
31 of higher education shall set as a target to contract, beginning not
32 later than June 30, 2008, to purchase two percent of the total goods
33 and services required by the institutions each year produced or
34 provided in whole or in part from class II inmate work programs
35 operated by the department of corrections.

36 (b) Institutions of higher education shall endeavor to assure the
37 department of corrections has notifications of bid opportunities with

1 the goal of meeting or exceeding the purchasing target in (a) of this
2 subsection.

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