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THIRD SUBSTITUTE HOUSE BILL 2585

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State of Washington                      62nd Legislature                      2012 Regular Session

By House Ways & Means (originally sponsored by Representatives Springer, Haler, Eddy, Seaquist, and Zeiger)

READ FIRST TIME 02/07/12.

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;  
3 reenacting and amending RCW 39.29.011 and 28B.10.029; and creating a  
4 new section.

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

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

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

1 (1) Emergency purchases made pursuant to RCW 43.19.200 if the  
2 sealed bidding procedure would prevent or hinder the emergency from  
3 being met appropriately;

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

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

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

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

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

34 (7) Purchases for resale by institutions of higher education to  
35 other than public agencies when such purchases are for the express  
36 purpose of supporting instructional programs and may best be executed  
37 through direct negotiation with one or more suppliers in order to meet  
38 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)(a) 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 must: Post the purchasing opportunity on the institution's  
12 web site or the common vendor registration and bid notification system  
13 for thirty days prior to an award or the minimum length of time  
14 otherwise required for notices posted on the common vendor registration  
15 and bid notification system; and invite at least one quotation each  
16 from a certified minority and a certified woman-owned vendor that  
17 otherwise qualifies to perform the work. A record of competition for  
18 all such purchases of ten thousand dollars or more and less than one  
19 hundred thousand dollars must be documented for audit purposes.

20 (b) Each year, each institution of higher education must post on  
21 its web site the following information about purchases of ten thousand  
22 dollars or more and less than one hundred thousand dollars in the  
23 previous fiscal year:

24 (i) The total number and total dollar amount of these purchases;

25 (ii) The total number and total dollar amount of these purchases  
26 from small businesses, and a percentage of the total number and dollar  
27 amount of purchases under (b)(i) of this subsection; and

28 (iii) The total number and total dollar amount of these purchases  
29 from certified minority and women-owned vendors, and a percentage of  
30 the total number and dollar amount of purchases under (b)(i) of this  
31 subsection; and

32 (10) Off-contract purchases of Washington grown food when such food  
33 is not available from Washington sources through an existing contract.  
34 However, Washington grown food purchased under this subsection must be  
35 of an equivalent or better quality than similar food available through  
36 the contract and be able to be paid from the agency's existing budget.  
37 This requirement also applies to purchases and contracts for purchases

1 executed by state agencies, including institutions of higher education,  
2 under delegated authority granted in accordance with RCW 43.19.190 or  
3 under RCW 28B.10.029.

4 ~~((Beginning on July 1, 1995, and on July 1st of each succeeding  
5 odd-numbered year, the dollar limits specified in this section shall be  
6 adjusted as follows: The office of financial management shall  
7 calculate such limits by adjusting the previous biennium's limits by  
8 the appropriate federal inflationary index reflecting the rate of  
9 inflation for the previous biennium. Such amounts shall be rounded to  
10 the nearest one hundred dollars.))~~

11 As used in this section, "Washington grown" has the definition in  
12 RCW 15.64.060.

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

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

- 17 (1) Emergency contracts;
- 18 (2) Sole source contracts;
- 19 (3) Contract amendments;

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

23 However, contracts of five thousand dollars or greater but less than  
24 ten thousand dollars shall have documented evidence of competition.  
25 Contracts of ten thousand dollars or greater, but less than twenty  
26 thousand dollars, shall have documented evidence of competition, which  
27 must include agency posting of the contract opportunity on the state's  
28 common vendor registration and bid notification system. Agencies shall  
29 not structure contracts to evade these requirements;

30 (5)(a) Contracts of less than one hundred thousand dollars between  
31 a consultant and an institution of higher education as defined in RCW  
32 28B.10.016. However, for contracts of ten thousand dollars or greater  
33 but less than one hundred thousand dollars, institutions of higher  
34 education must: Post the purchasing opportunity on the institution's  
35 web site or the common vendor registration and bid notification system  
36 for thirty days prior to an award or the minimum length of time  
37 otherwise required for notices posted on the common vendor registration

1 and bid notification system; invite at least one quotation each from a  
2 certified minority and a certified woman-owned vendor that otherwise  
3 qualifies to do the work; and document evidence of competition.  
4 ((Agencies)) Institutions shall not structure contracts to evade these  
5 requirements.

6 (b) Each year, each institution of higher education must post on  
7 its web site the following information about contracts of ten thousand  
8 dollars or more and less than one hundred thousand dollars in the  
9 previous fiscal year:

- 10 (i) The total number and total dollar amount of these contracts;  
11 (ii) The total number and total dollar amount of these contracts  
12 from small businesses, and a percentage of the total number and dollar  
13 amount of contracts under (b)(i) of this subsection; and  
14 (iii) The total number and total dollar amount of these contracts  
15 from certified minority and women-owned vendors, and a percentage of  
16 the total number and dollar amount of contracts under (b)(i) of this  
17 subsection; and

18 ((+5)) (6) Other specific contracts or classes or groups of  
19 contracts exempted from the competitive solicitation process by the  
20 director of the department of enterprise services when it has been  
21 determined that a competitive solicitation process is not appropriate  
22 or cost-effective.

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

25 This section sets forth the major fiscal duties and  
26 responsibilities of officers and agencies of the executive branch. The  
27 regulations issued by the governor pursuant to this chapter shall  
28 provide for a comprehensive, orderly basis for fiscal management and  
29 control, including efficient accounting and reporting therefor, for the  
30 executive branch of the state government and may include, in addition,  
31 such requirements as will generally promote more efficient public  
32 management in the state.

33 (1) Governor; director of financial management. The governor,  
34 through the director of financial management, shall devise and  
35 supervise a modern and complete accounting system for each agency to  
36 the end that all revenues, expenditures, receipts, disbursements,  
37 resources, and obligations of the state shall be properly and

1 systematically accounted for. The accounting system shall include the  
2 development of accurate, timely records and reports of all financial  
3 affairs of the state. The system shall also provide for central  
4 accounts in the office of financial management at the level of detail  
5 deemed necessary by the director to perform central financial  
6 management. The director of financial management shall adopt and  
7 periodically update an accounting procedures manual. Any agency  
8 maintaining its own accounting and reporting system shall comply with  
9 the updated accounting procedures manual and the rules of the director  
10 adopted under this chapter. An agency may receive a waiver from  
11 complying with this requirement if the waiver is approved by the  
12 director. Waivers expire at the end of the fiscal biennium for which  
13 they are granted. The director shall forward notice of waivers granted  
14 to the appropriate legislative fiscal committees. The director of  
15 financial management may require such financial, statistical, and other  
16 reports as the director deems necessary from all agencies covering any  
17 period.

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

28 (3) The director of financial management shall report at least  
29 annually to the appropriate legislative committees regarding the status  
30 of all appropriated capital projects, including transportation  
31 projects, showing significant cost overruns or underruns. If funds are  
32 shifted from one project to another, the office of financial management  
33 shall also reflect this in the annual variance report. Once a project  
34 is complete, the report shall provide a final summary showing estimated  
35 start and completion dates of each project phase compared to actual  
36 dates, estimated costs of each project phase compared to actual costs,  
37 and whether or not there are any outstanding liabilities or unsettled  
38 claims at the time of completion.

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

3 (a) Develop and maintain a system of internal controls and internal  
4 audits comprising methods and procedures to be adopted by each agency  
5 that will safeguard its assets, check the accuracy and reliability of  
6 its accounting data, promote operational efficiency, and encourage  
7 adherence to prescribed managerial policies for accounting and  
8 financial controls. The system developed by the director shall include  
9 criteria for determining the scope and comprehensiveness of internal  
10 controls required by classes of agencies, depending on the level of  
11 resources at risk.

12 Each agency head or authorized designee shall be assigned the  
13 responsibility and authority for establishing and maintaining internal  
14 audits following the standards of internal auditing of the institute of  
15 internal auditors;

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

21 (c) Establish policies for allowing the contracting of child care  
22 services;

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

25 (e) Review any pay and classification plans, and changes  
26 thereunder, developed by any agency for their fiscal impact: PROVIDED,  
27 That none of the provisions of this subsection shall affect merit  
28 systems of personnel management now existing or hereafter established  
29 by statute relating to the fixing of qualifications requirements for  
30 recruitment, appointment, or promotion of employees of any agency. The  
31 director shall advise and confer with agencies including appropriate  
32 standing committees of the legislature as may be designated by the  
33 speaker of the house and the president of the senate regarding the  
34 fiscal impact of such plans and may amend or alter the plans, except  
35 that for the following agencies no amendment or alteration of the plans  
36 may be made without the approval of the agency concerned: Agencies  
37 headed by elective officials;

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

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

8 (5) The treasurer shall:

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

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

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

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

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

23 It shall be unlawful for the treasurer to disburse public funds in  
24 the treasury except upon forms or by alternative means duly prescribed  
25 by the director of financial management. These forms or alternative  
26 means shall provide for authentication and certification by the agency  
27 head or the agency head's designee that the services have been rendered  
28 or the materials have been furnished; or, in the case of loans or  
29 grants, that the loans or grants are authorized by law; or, in the case  
30 of payments for periodic maintenance services to be performed on state  
31 owned equipment, that a written contract for such periodic maintenance  
32 services is currently in effect; and the treasurer shall not be liable  
33 under the treasurer's surety bond for erroneous or improper payments so  
34 made. When services are lawfully paid for in advance of full  
35 performance by any private individual or business entity other than  
36 equipment maintenance providers or as provided for by RCW 42.24.035,  
37 such individual or entity other than central stores rendering such  
38 services shall make a cash deposit or furnish surety bond coverage to



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

21 (6) The state auditor shall:

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

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

34 (c) Make the auditor's official report on or before the thirty-  
35 first of December which precedes the meeting of the legislature. The  
36 report shall be for the last complete fiscal period and shall include  
37 determinations as to whether agencies, in making expenditures, complied  
38 with the laws of this state. The state auditor is authorized to

1 perform or participate in performance verifications and performance  
2 audits as expressly authorized by the legislature in the omnibus  
3 biennial appropriations acts or in the performance audit work plan  
4 approved by the joint legislative audit and review committee. The  
5 state auditor, upon completing an audit for legal and financial  
6 compliance under chapter 43.09 RCW or a performance verification, may  
7 report to the joint legislative audit and review committee or other  
8 appropriate committees of the legislature, in a manner prescribed by  
9 the joint legislative audit and review committee, on facts relating to  
10 the management or performance of governmental programs where such facts  
11 are discovered incidental to the legal and financial audit or  
12 performance verification. The auditor may make such a report to a  
13 legislative committee only if the auditor has determined that the  
14 agency has been given an opportunity and has failed to resolve the  
15 management or performance issues raised by the auditor. If the auditor  
16 makes a report to a legislative committee, the agency may submit to the  
17 committee a response to the report. This subsection (6) shall not be  
18 construed to authorize the auditor to allocate other than de minimis  
19 resources to performance audits except as expressly authorized in the  
20 appropriations acts or in the performance audit work plan. The results  
21 of a performance audit conducted by the state auditor that has been  
22 requested by the joint legislative audit and review committee must only  
23 be transmitted to the joint legislative audit and review committee.

24 (d) Be empowered to take exception to specific expenditures that  
25 have been incurred by any agency or to take exception to other  
26 practices related in any way to the agency's financial transactions and  
27 to cause such exceptions to be made a matter of public record,  
28 including disclosure to the agency concerned and to the director of  
29 financial management. It shall be the duty of the director of  
30 financial management to cause corrective action to be taken within six  
31 months, such action to include, as appropriate, the withholding of  
32 funds as provided in RCW 43.88.110. The director of financial  
33 management shall annually report by December 31st the status of audit  
34 resolution to the appropriate committees of the legislature, the state  
35 auditor, and the attorney general. The director of financial  
36 management shall include in the audit resolution report actions taken  
37 as a result of an audit including, but not limited to, types of

1 personnel actions, costs and types of litigation, and value of recouped  
2 goods or services.

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

4 (f) Investigate improper governmental activity under chapter 42.40  
5 RCW.

6 (~~(g)~~) In addition to the authority given to the state auditor in  
7 this subsection (6), the state auditor is authorized to conduct  
8 performance audits identified in RCW 43.09.470. Nothing in this  
9 subsection (6) shall limit, impede, or restrict the state auditor from  
10 conducting performance audits identified in RCW 43.09.470.

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

12 (a) Make post audits of the financial transactions of any agency  
13 and management surveys and program reviews as provided for in chapter  
14 44.28 RCW as well as performance audits and program evaluations. To  
15 this end the joint committee may in its discretion examine the books,  
16 accounts, and other records of any agency, official, or employee.

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

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

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

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

30 **Sec. 4.** RCW 41.04.240 and 1977 ex.s. c 269 s 1 are each amended to  
31 read as follows:

32 (1) Except with regard to institutions of higher education as  
33 defined in RCW 28B.10.016, any official of the state or of any  
34 political subdivision, municipal corporation, or quasi-municipal  
35 corporation authorized to disburse funds in payment of salaries and  
36 wages of employees is authorized upon written request of at least  
37 twenty-five employees to pay all or part of such salaries or wages to

1 any financial institution for either: ~~((1))~~ (a) Credit to the  
2 employees' accounts in such financial institution; or ~~((2))~~ (b)  
3 immediate transfer therefrom to the employees' accounts in any other  
4 financial institutions(~~(:—PROVIDED, That)~~).

5 (2) In disbursing funds for payment of salaries and wages of  
6 employees, institutions of higher education as defined in RCW  
7 28B.10.016 are authorized to require the following payment methods:

8 (a) For employees who have an account in a financial institution,  
9 payment to any financial institution for either: (i) Credit to the  
10 employees' accounts in such financial institution; or (ii) immediate  
11 transfer therefrom to the employees' accounts in any other financial  
12 institutions; and

13 (b) For employees who do not have an account in a financial  
14 institution, payment by alternate methods such as payroll cards.

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

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

35 **Sec. 5.** RCW 28B.10.029 and 2011 1st sp.s. c 43 s 303 and 2011 c  
36 198 s 1 are each reenacted and amended to read as follows:

37 (1)(a) An institution of higher education may exercise

1 independently those powers otherwise granted to the director of  
2 enterprise services in chapter 43.19 RCW in connection with the  
3 purchase and disposition of all material, supplies, services, and  
4 equipment needed for the support, maintenance, and use of the  
5 respective institution of higher education.

6 (b) Property disposition policies followed by institutions of  
7 higher education shall be consistent with policies followed by the  
8 department of enterprise services.

9 (c)(i) Except as provided in (c)(ii) of this subsection, purchasing  
10 policies and procedures followed by institutions of higher education  
11 shall be in compliance with chapters 39.19, 39.29, and 43.03 RCW, and  
12 RCW 43.19.1901, 43.19.1906, 43.19.1911, 43.19.1917, 43.19.1937,  
13 43.19.685, 43.19.700 through 43.19.704, and 43.19.560 through  
14 43.19.637.

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

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

29 (e) The community and technical colleges shall comply with RCW  
30 43.19.450.

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

33 (g) If an institution of higher education can satisfactorily  
34 demonstrate to the director of the office of financial management that  
35 the cost of compliance is greater than the value of benefits from any  
36 of the following statutes, then it shall be exempt from them: RCW  
37 43.19.685 and 43.19.637.

1 (h) Any institution of higher education that chooses to exercise  
2 independent purchasing authority for a commodity or group of  
3 commodities shall notify the director of enterprise services.  
4 Thereafter the director of enterprise services shall not be required to  
5 provide those services for that institution for the duration of the  
6 enterprise services contract term for that commodity or group of  
7 commodities.

8 (2) The council of presidents and the state board for community and  
9 technical colleges shall convene its correctional industries business  
10 development advisory committee, and work collaboratively with  
11 correctional industries, to:

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

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

17 (c) Develop recommendations on ways to continue to build  
18 correctional industries' business with institutions of higher  
19 education.

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

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

1 and services required by the institutions each year produced or  
2 provided in whole or in part from class II inmate work programs  
3 operated by the department of corrections.

4 (b) Institutions of higher education shall endeavor to assure the  
5 department of corrections has notifications of bid opportunities with  
6 the goal of meeting or exceeding the purchasing target in (a) of this  
7 subsection.

8 NEW SECTION. **Sec. 6.** By January 1, 2017, institutions of higher  
9 education as defined in RCW 28B.10.016 must report to the legislature  
10 and the governor on: (1) The amount of savings resulting from use of  
11 the higher education provisions of sections 1 through 5 of this act;  
12 and (2) the manner in which such savings were used to promote student  
13 academic success.

--- END ---