

HOUSE BILL REPORT

HB 1004

As Reported By House Committee On:
Higher Education

Title: An act relating to higher education services contracts.

Brief Description: Allowing institutions of higher education to contract for services.

Sponsors: Representatives Carlson, Sherstad, Benton, Dyer, Thompson, Goldsmith, Radcliff, Pennington, Mitchell, Basich, Blanton, Mulliken, Boldt, Fuhrman, Huff, Talcott and McMahan.

Brief History:

Committee Activity:

Higher Education: 2/3/95, 2/10/95 [DPS].

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlson, Chairman; Mulliken, Vice Chairman; Jacobsen, Ranking Minority Member; Basich; Benton; Blanton; Delvin and Mastin.

Minority Report: Do not pass. Signed by 2 members: Representatives Mason, Assistant Ranking Minority Member; and Sheahan.

Staff: Susan Hosch (786-7120).

Background: By law, institutions of higher education and related boards are permitted to contract with individuals or businesses for services if the services were regularly purchased by contract before April 23, 1979. Institutions and related boards are prohibited from contracting with persons or businesses for services if the contracts will result in the termination of either classified employees or classified positions. Under this law, institutions of higher education include the public baccalaureate institutions and the community colleges. Related boards include the State Board for Community and Technical Colleges and other boards, councils and commissions related to higher education.

Summary of Substitute Bill: Under certain conditions, an institution of higher education and the Spokane Joint Center for Higher Education may contract with

businesses or individuals for services without showing that classified state employees could not perform those services. The conditions are:

1. The contract must not result in increased expenditures of public funds for the contracted services.
2. The wages paid for the contracted service must be similar to wages generally paid for that type of work in the county where the contracted work will be performed.
3. The contractor must make available health benefits that are similar to or better than basic health care benefits.

Institutions are not permitted to renew or extend collective bargaining agreements that prohibit contracting for services if those agreements are adopted under state civil service laws. Finally, the authority to contract for services does not affect contracts that were in effect before this law is enacted.

The law is amended that prohibits institutions of higher education and related boards from contracting for services if those contracts would result in the termination of classified employees or classified positions. Related boards remain subject to the prohibition.

Substitute Bill Compared to Original Bill: The Spokane Joint Center is permitted to contract for services. Institutions and the center are not required to perform a feasibility study and do not have to show that the contract will result in reduced expenditures of public monies. The director of the Office of Financial Management is not required to approve the contract. Wages paid for the contracted work must be similar to wages paid for that type of work in the county instead of in the locality where the work is to be performed. The contractor must make health benefits available instead of providing them.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Permitting institutions of higher education to contract for services will give them one of the tools necessary to navigate in the difficult fiscal times ahead. The bill will provide flexibility for managers, but will ensure that contracts will not result in increased expenditures of public funds for the contracted work.

Testimony Against: Washington needs more low skilled jobs that pay a family wage. The proposed legislation does not require the contracts to save money. Institutions should look at efficiencies in higher management rather contracting out for services historically provided by classified employees. A 1992 U.S. Labor Department study suggests that involving front line workers in the decision making process is preferable to this type of approach.

Testified: Cinda Kohler, Ellensburg Chamber of Commerce (pro); Devone Smith, Washington Federation of State Employees, (con); Jonathan Koehler, Highline Community College (pro); Jeff Cox, Washington Retail Association (pro); Glenn Colbert and Johan Hellman, Washington Student Lobby (pro); Jim Halstrom, Momentum & Joint Center for Higher Education (pro); Terry Teale, Council of Presidents (pro); John Pettit, University of Washington; (pro); and Eugene St. John, Washington Public Employees Association (con).