

HOUSE BILL REPORT

HB 1663

As Reported by House Committee On:
Higher Education
Ways & Means

Title: An act relating to the purchasing authority of institutions of higher education.

Brief Description: Removing the requirement that institutions of higher education purchase from correctional industries.

Sponsors: Representatives Parker, Ormsby, Probst, Billig, Schmick, Fagan, Angel and Ahern.

Brief History:

Committee Activity:

Higher Education: 2/3/11, 2/14/11 [DPS];
Ways & Means: 2/23/11, 2/25/11 [DPS(HE)].

Brief Summary of Substitute Bill

- Removes higher education institutions from the requirement to seek an exemption from the Office of Financial Management with regards to purchasing from the Department of Corrections.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Seaquist, Chair; Carlyle, Vice Chair; Haler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Buys, Crouse, Fagan, Hasegawa, Jacks, Probst, Reykdal, Sells, Springer, Warnick and Zeiger.

Staff: Madeleine Thompson (786-7304).

Background:

As agencies of Washington, institutions of higher education are subject to various laws related to general administration that include purchasing of equipment. Under current law higher education institutions are required to purchase material, supplies, services, and equipment from the Department of Corrections (DOC) unless an institution of higher

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education can satisfactorily demonstrate to the Director of the Office of Financial Management (OFM) that the cost of compliance is greater than the value of benefits.

In 2004, pursuant to Engrossed Second Substitute Senate Bill 6489, the Legislature added subsections 2 through 4 to RCW 28B.10.029. These subsections require:

- the Council of Presidents and the State Board for Community and Technical Colleges (SBCTC) to convene a correctional industries business development advisory committee and work collaboratively with correctional industries to reaffirm purchasing criteria, update the approved list of products that higher education institutions shall purchase, and develop recommendations on ways to continue to build correctional industries' business with institutions of higher education;
- development of a plan to increase higher education institution purchases from the DOC. This plan was to be submitted to the Legislature by January 30, 2005; and
- targets for purchases of 1 percent by May 30, 2006, and 2 percent by June 30, 2006.

In 2009 the OFM granted exemptions to all six public baccalaureate institutions and the SBCTC (on behalf of the community and technical colleges) from purchasing at least 2 percent of their products from correctional industries.

In 2010 an analysis conducted by the OFM found that on average, higher education institutions purchase about 9 percent of their products from correctional industries.

Summary of Substitute Bill:

Higher education institutions are no longer required to seek an exemption from the OFM with regards to purchasing from the DOC.

Substitute Bill Compared to Original Bill:

Public higher education institutions must endeavor to assure that the DOC has notifications of bid opportunities in order to meet or exceed the purchasing target.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available. New fiscal note requested on February 15, 2011.

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

Staff Summary of Public Testimony:

(In support) These provisions make a temporary fix related to exemptions requests permanent. We are trying to provide a level playing field for private companies and the

DOC. This allows for open and fair competition. Higher education purchases are vital to manufacturing businesses in Washington. Higher education institutions can determine what best meets their purchasing needs.

(Opposed) None.

Persons Testifying: Representative Parker, prime sponsor; Todd Fairweather and Tim Jones, Bank and Office Interiors; Kurt Wood, Interior Development; Anna True and Lindsey Toler, Haakenson Group, Incorporated; Eric Johnson, MBI Company, Incorporated and Business Interiors Northwest; Larry Roybal, Manufacturer's Representative Group; Kerri Brockhay, Zebra Solutions; and Mike Arnold, Space Saver Northwest.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill by Committee on Higher Education be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Haigh, Haler, Hinkle, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Minority Report: Do not pass. Signed by 4 members: Representatives Dickerson, Hudgins, Hunt and Kagi.

Staff: Trista Zugel (786-7157).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Higher Education:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The exemption that allows higher education to purchase from other industries than correctional industries is set to expire. This bill will keep the status quo. Orders from higher education employ several hundred people outside of correctional industries. If this bill does not pass, several people may have to be laid off. We would like to still be able to

provide services alongside the Department of Corrections. Correctional industries will still have the 2 percent goal.

(Information only) There is an established drop in recidivism rates of about 8 percent for those individuals who work on these projects.

(Opposed) None.

Persons Testifying: (In support) Representative Parker, prime sponsor; Larry Roybal, Spacesaver Northwest LLC; and Todd Fairweather, Bank and Office Interiors.

(Information only) Joe Koval, Department of Corrections.

Persons Signed In To Testify But Not Testifying: None.