



WASHINGTON NONPROFITS

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February 13, 2018

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Dear Chairman Hudgins, Ranking Member Smith, and Innovation, Technology, & Economic Development Committee Members,

I am writing to you regarding HB 1744, Concerning state government processes to verify hours worked on computers for certain government contracts. From our perspective, the bill in its current form raises many questions and concerns. Further, the bill appears to impose significant burdens on nonprofit organizations that implement government contracts valued over \$100,000.

Scope of the Bill

The bill currently specifies that its requirements apply to "professional or technical services" contracts valued at over \$100,000. What the bill does not state is how it impacts the client service contracts and performance-based contracts implemented by nonprofit organizations. Is this bill intended to impose new requirements on performance-based or client service contracts? Additionally, has there been consideration of carving out nonprofit organizations with state client service contracts?

Time is an Insufficient Measurement and Accountability Mechanism on its Own

In general, nonprofit organizations enter into contracts that are based on deliverables, service numbers, and/or outcomes resulting from services. Because of this, the number of hours spent working on a computer does not provide much, if any, data about the effectiveness of a nonprofit in implementing a contract. What matters is the completion of a project or the quality of in-person interactions clients receive. Depending on the implementation rules, this



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policy could make nonprofits less efficient and effective if they have to devote energy and resources to meeting time requirements that are tangential to the service or deliverable.

Who Will Pay for the Software?

The bill is plain in its declaration that contractors are responsible for purchasing their own software to be in compliance. Without funds to cover the startup, training, maintenance, and data storage costs created by the tracking software, this bill is an unfunded mandate for nonprofit organizations. We have serious concerns that funders and donors will be uninterested in providing support for the purchase of new software being imposed on nonprofits by the state. We also know that organizations will not want to use their limited unrestricted dollars to purchase administrative software over mission-oriented activities.

Implementation Questions

This bill does not specify an implementation date for when contractors must be in compliance, which raises many questions. (1) When will all prospective contractors need to have the software in place? (2) Will existing contractors be compelled to purchase software for their current contracts? (3) Will existing contractors without the software be disqualified from bidding on future contracts if they do not comply? (4) What is the state's plan for educating contractors about the new requirements contained in HB 1744?

Who Ensures Software Quality?

The bill states that it is each contractor's responsibility to procure the software. However, there is a lot of variance in software quality, especially at the price point that nonprofit organizations can comfortably afford. Will there be a standardized work-verification software? Will there be a list of approved software vendors for contractors to choose from? And will the state be responsible for monitoring the quality of the compliance software?

We would greatly appreciate clarification from you or committee staff on these items to alleviate our concerns. We also would welcome further discussion on this or any other proposals to reform state contracting procedures. If appropriate and of interest to you and the committee, Washington Nonprofits would be happy to provide connections to national experts working on nonprofit-government contracting issues to inform the discussion.

Please feel free to contact me at (408) 505-6606 or david@washingtannonprofits.org to discuss HB 1744.

Thank you for your consideration,

David Streeter
Director of Public Policy and Advocacy
Washington Nonprofits