

require the employees to have an account in any particular financial institution or type of financial institution. A single warrant may be drawn in favor of such ((bank)) financial institution, for the total amount due the ((officers or)) employees involved, and written directions provided to such ((bank)) financial institution of the amount to be credited to the account of ((each officer or)) an employee or to be transferred to an account in another financial institution for such employee. The issuance and delivery by the disbursing officer of a warrant in accordance with the procedure set forth herein and proper indorsement thereof by the ((bank)) financial institution shall have the same legal effect as payment directly to the ((officer or)) employee.

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

Passed the House April 20, 1977.

Passed the Senate June 6, 1977.

Approved by the Governor June 15, 1977.

Filed in Office of Secretary of State June 15, 1977.

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## CHAPTER 270

### [Substitute House Bill No. 531] STATE RISK MANAGEMENT

AN ACT Relating to risk management; amending section 3, chapter 32, Laws of 1969 as last amended by section 2, chapter 21, Laws of 1975-'76 2nd ex. sess. and RCW 43.19.190; amending section 43.19.1906, chapter 8, Laws of 1965 as amended by section 8, chapter 21, Laws of 1975-'76 2nd ex. sess. and RCW 43.19.1906; amending section 43.19.1935, chapter 8, Laws of 1965 as amended by section 9, chapter 40, Laws of 1975 and RCW 43.19.1935; amending section 43.17.100, chapter 8, Laws of 1965 as amended by section 6, chapter 40, Laws of 1975 and RCW 43.17.100; amending section 43.19.030, chapter 8, Laws of 1965 as amended by section 7, chapter 40, Laws of 1975 and RCW 43.19.030; adding new sections to chapter 43.19 RCW; creating new sections; and repealing section 11, chapter 112, Laws of 1949 and RCW 75.08.023.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. There is added to chapter 43.19 RCW a new section to read as follows:

It is the policy of the state for the management of risks to which it is exposed to apply the following principles consistently in a state program of risk management:

(1) To identify those liability and property risks which may have a significant economic impact on the state;

(2) To evaluate risk in terms of the state's ability to fund potential loss rather than the ability of an individual agency to fund potential loss;

(3) To eliminate or improve conditions and practices which contribute to loss whenever practical;

(4) To assume risks to the maximum extent practical;

- (5) To provide flexibility within the state program to meet the unique requirements of any state agency for insurance coverage or service;
- (6) To purchase commercial insurance:
  - (a) When the size and nature of the potential loss make it in the best interest of the state to purchase commercial insurance; or
  - (b) When the fiduciary of encumbered property insists on commercial insurance; or
  - (c) When the interest protected is not a state interest and an insurance company is desirable as an intermediary; or
  - (d) When services provided by an insurance company are considered necessary; or
  - (e) When services or coverages provided by an insurance company are cost-effective; or
  - (f) When otherwise required by statute.

NEW SECTION. Sec. 2. There is added to chapter 43.19 RCW a new section to read as follows:

There is hereby created a risk management office within the department of general administration. The director of general administration shall implement the risk management policy in section 1 of this 1977 amendatory act through the risk management office. The director of general administration shall appoint a risk manager to supervise the risk management office. The risk management office shall make recommendations when appropriate to state agencies on the application of prudent safety, security, loss prevention, and loss minimization methods so as to reduce or avoid risk or loss. The state supply management advisory board shall serve as the advisory board for the risk management office. The director of general administration shall submit a risk management progress report to the governor, with a copy to the standing committees having jurisdiction on insurance in the senate and the house of representatives at the first scheduled legislative session after December 31, 1977. The report shall include appropriate recommendations for new or amended legislation, as required, and shall at least address the following:

- (1) Improving loss control practices;
- (2) Self-insuring risks of loss to state-owned property except where bond indentures or other special considerations require the purchase of insurance;
- (3) Consolidating fire insurance coverage for properties requiring insurance by bond indenture;
- (4) Establishing an emergency fund to provide assistance to state agencies in the event of serious loss from fire or other peril;
- (5) Self-insuring liability risks to public and professional third parties;
- (6) Increasing funding of the tort claims revolving fund to reflect an expanded and formalized self-insurance system;
- (7) Purchasing a program of excess liability coverage above a selected self-insurance limit;
- (8) Inhibiting factors which have prevented full and prompt implementation of risk management policies established by the legislature in section 1 of this 1977 amendatory act;

(9) Listing of state-wide savings and cost avoidances which are expected to be achieved in the 1977-79 biennium, and each biennium thereafter, as a result of implementation of established risk management policies; and

(10) The effectiveness of the supply management advisory board as the advisory board for the risk management office.

NEW SECTION. Sec. 3. There is added to chapter 43.19 RCW a new section to read as follows:

As used in sections 1 and 2 of this 1977 amendatory act:

(1) "State agency" includes any state office, agency, commission, department, or institution, including colleges, universities, and community colleges, financed in whole or part from funds appropriated by the legislature; and

(2) "Risk management" means the total effort and continuous step by step process of risk identification, measurement, minimization, assumption, transfer, and loss adjustment which is aimed at protecting assets and revenues against accidental loss.

Sec. 4. Section 3, chapter 32, Laws of 1969 as last amended by section 2, chapter 21, Laws of 1975-'76 2nd ex. sess. and RCW 43.19.190 are each amended to read as follows:

The director of general administration, through the state purchasing and material control director, shall:

(1) Establish and staff such administrative organizational units within the division of purchasing as may be necessary for effective administration of the provisions of RCW 43.19.190 through 43.19.1939;

(2) Purchase all material, supplies, services and equipment needed for the support, maintenance, and use of all state institutions, colleges, community colleges and universities, the offices of the elective state officers, the supreme court, the court of appeals, the administrative and other departments of state government, and the offices of all appointive officers of the state: **PROVIDED**, That the provisions of this act shall not apply in any manner to the operation of the state legislature except as requested by said legislature: **PROVIDED**, That primary authority for the purchase of specialized equipment, instructional and research material for their own use shall rest with the colleges, community colleges and universities: **PROVIDED FURTHER**, That primary authority for the purchase of materials, supplies and equipment for resale to other than public agencies shall rest with the state agency concerned: **PROVIDED FURTHER**, That authority to purchase services as included herein does not apply to personal services authorized for direct acquisition from vendors by state organizations and filed under the provisions of RCW 39.29.010 through 39.29.030, unless such organization specifically requests assistance from the division of purchasing in obtaining personal services and resources are available within the division to provide such assistance: **PROVIDED FURTHER**, That the authority for the purchase of insurance and bonds shall rest with the risk manager under RCW 43.19.1935 as now or hereafter amended;

(3) Provide the required staff assistance for the state supply management advisory board through the division of purchasing;

(4) Have authority to delegate to state agencies authorization to purchase or sell, which authorization shall specify restrictions as to dollar amount or to specific types of material, equipment, services and supplies: **PROVIDED**, That acceptance

of the purchasing authorization by a state agency does not relieve such agency from conformance with other sections of RCW 43.19.190 through 43.19.1939, as now or hereafter amended, or from policies established by the director after consultation with the state supply management advisory board: PROVIDED FURTHER, That delegation of such authorization to a state agency, including an educational institution, to purchase or sell material, equipment, services, and supplies shall not be granted, or otherwise continued under a previous authorization, if such agency is not in substantial compliance with overall state purchasing and material control policies as established herein;

(5) Contract for the testing of material, supplies, and equipment with public and private agencies as necessary and advisable to protect the interests of the state;

(6) Prescribe the manner of inspecting all deliveries of supplies, materials, and equipment purchased through the division;

(7) Prescribe the manner in which supplies, materials, and equipment purchased through the division shall be delivered, stored, and distributed;

(8) Provide for the maintenance of a catalogue library, manufacturers' and wholesalers' lists, and current market information;

(9) Provide for a commodity classification system and may, in addition, provide for the adoption of standard specifications after receiving the recommendation of the supply management advisory board;

(10) Provide for the maintenance of inventory records of supplies, materials, equipment, and other property;

(11) Prepare rules and regulations governing the relationship and procedures between the division of purchasing and state agencies and vendors;

(12) Publish procedures and guidelines for compliance by all state agencies, including educational institutions, which implement overall state purchasing and material control policies;

(13) Conduct periodic visits to state agencies, including educational institutions, to determine if statutory provisions and supporting purchasing and material control policies are being fully implemented, and based upon such visits, take corrective action to achieve compliance with established purchasing and material control policies under existing statutes when required.

Sec. 5. Section 43.19.1906, chapter 8, Laws of 1965 as amended by section 8, chapter 21, Laws of 1975-'76 2nd ex. sess. and RCW 43.19.1906 are each amended to read as follows:

Insofar as practicable, all purchases and sales shall be based on competitive bids and a formal sealed bid procedure shall be used as standard procedure for all purchases and contracts for purchases and sales executed by the state purchasing and material control director and under the powers granted by RCW 43.19.190 through 43.19.1939, as now or hereafter amended. This requirement shall also apply to purchases and contracts for purchases and sales executed by agencies, including educational institutions, under delegated authority granted in accordance with provisions of RCW 43.19.190 as now or hereafter amended. However, formal sealed bidding shall not be necessary for:

(1) Emergency purchases if such sealed bidding procedure would prevent or hinder the emergency from being met appropriately;

(2) Purchases not exceeding twenty-five hundred dollars: PROVIDED, That the state director of general administration shall establish procedures to assure that purchases made by or on behalf of the various state agencies shall not be made so as to avoid the twenty-five hundred dollar bid limitation: PROVIDED FURTHER, That the state purchasing and material control director is authorized to reduce this formal sealed bid limit of twenty-five hundred dollars to a lower dollar amount for purchases by individual state agencies, including purchases of specialized equipment, instructional, and research materials by colleges and universities, if considered necessary to maintain full disclosure of competitive procurement or otherwise to achieve overall state efficiency and economy in purchasing and material control. Quotations from two hundred dollars to twenty-five hundred dollars shall be secured from enough vendors to assure establishment of a competitive price. A record of competition for all such purchases from two hundred dollars to twenty-five hundred dollars shall be documented for audit purposes on a standard state form approved by the forms management center under the provisions of RCW 43.19.510. Purchases up to two hundred dollars may be made without competitive bids based on buyer experience and knowledge of the market in achieving maximum quality at minimum cost: PROVIDED, That this two hundred dollar direct buy limit without competitive bids may be increased incrementally as required to a maximum of four hundred dollars by unanimous vote by all members of the state supply management advisory board, if warranted by increases in purchasing costs due to inflationary trends; ~~((and))~~

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

(4) Purchases of insurance and bonds by the risk management office under RCW 43.19.1935 as now or hereafter amended.

Sec. 6. Section 43.19.1935, chapter 8, Laws of 1965 as amended by section 9, chapter 40, Laws of 1975 and RCW 43.19.1935 are each amended to read as follows:

As a means of providing for the procurement of insurance and ~~((public official))~~ bonds on a volume rate basis, the director of general administration through the ~~((division of purchasing))~~ risk management office shall purchase or contract for the needs of state agencies in relation to all such insurance and ~~((public official))~~ bonds: PROVIDED, That the individual ~~((public official))~~ statutory bonds of elected state officials, insurance requirements of colleges and universities, insurance requirements of toll project agencies, and insurance covering proprietary activities of state agencies, other than motor vehicle coverage, may be procured directly and independently by them after consultation with the risk management office: PROVIDED FURTHER, That authority to purchase insurance may be delegated to state agencies. Insurance in force shall be reported to the risk management office periodically under rules established by the director. Nothing contained in this section shall prohibit the use of licensed agents or brokers for the procurement and service of insurance.

The amounts of insurance or ~~((surety))~~ bond coverage shall be as fixed by law, or if not fixed by law, such amounts shall be as fixed by the director of the department of general administration.

The premium cost for insurance acquired and ~~((surety))~~ bonds furnished shall be paid from appropriations made to the state agency or agencies for which procurement is made, and all vouchers drawn in payment therefor shall bear the written approval of the ~~((division of purchasing))~~ risk management office prior to the issuance of the state warrant in payment therefor. Where deemed advisable the premium cost for insurance and bonds may be paid by the central stores revolving fund which fund shall be reimbursed by the agency or agencies for which procurement is made.

Sec. 7. Section 43.17.100, chapter 8, Laws of 1965 as amended by section 6, chapter 40, Laws of 1975 and RCW 43.17.100 are each amended to read as follows:

~~((Before entering upon the discharge of the duties of his office or employment;))~~ Every appointive state officer and employee of the state shall give a surety bond, payable to the state~~((; in such sum as is provided by law or))~~ in such sum as shall be deemed necessary by the director of the department of general administration, conditioned for the ~~((faithful performance of the duties of the office or employment;))~~ honesty of the officer or employee and for the accounting ~~((for))~~ of all property of the state that shall come into his possession by virtue of his office or employment, which bond shall be approved as to form by the attorney general and shall be filed in the office of the secretary of state.

The director of general administration may purchase one or more blanket surety bonds for the coverage required in this section.

Any bond required by this section shall not be considered an official bond and shall not be subject to chapter 42.08 RCW.

Sec. 8. Section 43.19.030, chapter 8, Laws of 1965 as amended by section 7, chapter 40, Laws of 1975 and RCW 43.19.030 are each amended to read as follows:

~~Before entering upon his office each bank examiner shall take and subscribe an oath faithfully to discharge the duties of his office~~ ~~((and shall each execute to the state a bond to be approved by the governor in such sum as may be deemed necessary by the director of the department of general administration, with a surety company authorized to do business in this state, as surety, conditioned for the faithful performance of his duties. The premiums on such bonds shall be paid by the state))~~.

Oaths ~~((and bonds))~~ shall be filed with the secretary of state.

Neither the supervisor of banking, any deputy supervisor, nor any bank examiner shall be personally liable for any act done by him in good faith in the performance of his duties.

NEW SECTION. Sec. 9. Nothing in this 1977 amendatory act shall be construed as amending, repealing, or otherwise affecting RCW 28B.20.250 through 28B.20.255.

NEW SECTION. Sec. 10. Section 11, chapter 112, Laws of 1949 and RCW 75.08.023 are each repealed.

**NEW SECTION.** Sec. 11. The risk management office shall cease to exist on June 30, 1981, unless extended by law for an additional fixed period of time.

Passed the House March 22, 1977.

Passed the Senate June 4, 1977.

Approved by the Governor June 15, 1977.

Filed in Office of Secretary of State June 15, 1977.

## CHAPTER 271

[Substitute House Bill No. 643]

### CHILD CUSTODY—VISITATION RIGHTS

AN ACT Relating to visitation rights; and amending section 24, chapter 157, Laws of 1973 1st ex. sess. and RCW 26.09.240.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 24, chapter 157, Laws of 1973 1st ex. sess. and RCW 26.09.240 are each amended to read as follows:

A parent not granted custody of the child is entitled to reasonable visitation rights unless the court finds, after a hearing, that visitation would endanger the child's physical, mental, or emotional health. The court may order visitation rights for any person when visitation may serve the best interest of the child whether or not there has been any change of circumstances.

Any person may petition the court for visitation rights at any time including, but not limited to, custody proceedings.

The court may modify an order granting or denying visitation rights whenever modification would serve the best interests of the child but the court shall not restrict a parent's visitation rights unless it finds that the visitation would endanger the child's physical, mental, or emotional health.

Passed the House June 7, 1977.

Passed the Senate June 4, 1977.

Approved by the Governor June 15, 1977.

Filed in Office of Secretary of State June 15, 1977.

## CHAPTER 272

[Substitute House Bill No. 880]

### SCHOOL DISTRICTS—EMPLOYMENT OF PUBLIC SCHOOL PRINCIPALS AND/OR VICE PRINCIPALS—DUTIES

AN ACT Relating to education; creating new sections; and adding a new section to chapter 223, Laws of 1969 ex. sess. and to chapter 28A.58 RCW.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Section 1. There is added to chapter 223, Laws of 1969 ex. sess. and to chapter 28A.58 RCW a new section to read as follows:

School districts may employ public school principals and/or vice principals to supervise the operation and management of the school to which they are assigned. Such persons shall hold valid teacher and administrative certificates. In addition to