UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2000

Commission File No. 0-21886

BARRETT BUSINESS SERVICES, INC.
(Exact name of registrant as specified in its charter)

Maryland	52-0812977
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
4724 SW Macadam Avenue Portland, Oregon	97201
(Address of principal executive offices)	(Zip Code)

(503) 220-0988

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [   ]

Number of shares of Common Stock, $.01 par value, outstanding at October 31, 2000 was 7,038,298 shares.

BARRETT BUSINESS SERVICES, INC.

INDEX

Part I - Financial Information

Item 1. Financial Statements

BARRETT BUSINESS SERVICES, INC.
Balance Sheets
(Unaudited)
(In thousands, except par value)

<TABLE>

	September 30, 2000	December 31, 1999
ASSETS		
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	$ 351	$ 550
Trade accounts receivable, net	25,967	30,216
Prepaid expenses and other	863	1,219
Deferred tax assets (Note 2)	2,875	1,658
Total current assets	30,056	33,643
Intangibles, net	20,434	21,945
Property and equipment, net	7,332	7,027
Restricted marketable securities and workers' compensation deposits	4,400	6,281
Unrestricted marketable securities	1,559	-
Deferred tax assets (Note 2)	818	712
Other assets	1,392	1,132
	$ 65,991	$ 70,740
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ -	$ 865
Current portion of long-term debt	2,748	2,783
Line of credit	2,915	4,882
Income taxes payable (Note 2)	268	-
Accounts payable	1,073	1,356
Accrued payroll, payroll taxes and related benefits	10,166	11,437
Workers' compensation claim and safety incentive liabilities	4,718	4,219
Other accrued liabilities	1,099	413
Total current liabilities	22,987	25,955
Long-term debt, net of current portion	2,408	4,232
Customer deposits	658	815
Long-term workers' compensation liabilities	687	699
Other long-term liabilities	1,949	1,710
	28,689	33,411
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.01 par value; 20,500 shares authorized, 7,087 and 7,461 shares issued and outstanding, respectively	71	75
Additional paid-in capital	7,828	9,889
Retained earnings	29,403	27,365
	37,302	37,329
	$ 65,991	$ 70,740

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Operations

(Unaudited)
(In thousands, except per share amounts)

<TABLE>

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999
Revenues:		
<S>	<C>	<C>
Staffing services	$ 49,881	$ 56,434
Professional employer services	30,863	39,441
	80,744	95,875
Cost of revenues:		
Direct payroll costs	62,865	74,285
Payroll taxes and benefits	6,564	7,620
Workers' compensation	3,401	3,022
	72,830	84,927
Gross margin	7,914	10,948
Selling, general and administrative expenses	6,128	6,957
Depreciation and amortization	820	691
Income from operations	966	3,300
Other (expense) income:		
Interest expense	(210)	(247)
Interest income	86	82
Other, net	2	27
	(122)	(138)
Income before provision for income taxes	844	3,162
Provision for income taxes (Note 2)	344	1,327
Net income	$ 500	$ 1,835
Basic earnings per share	$ .07	$ .24
Weighted average number of basic shares outstanding	7,236	7,581
Diluted earnings per share	$ .07	$ .24
Weighted average number of diluted shares outstanding	7,276	7,634

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Operations
(Unaudited)
(In thousands, except per share amounts)

<TABLE>

	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Revenues:		
<S>	<C>	<C>
Staffing services	$ 149,346	$ 139,848
Professional employer services	105,022	111,749

	254,368	251,597
Cost of revenues:		
Direct payroll costs	198,024	195,025
Payroll taxes and benefits	21,788	21,013
Workers' compensation	9,261	8,157
	229,073	224,195
Gross margin	25,295	27,402
Selling, general and administrative expenses	19,077	18,931
Depreciation and amortization	2,373	1,784
Income from operations	3,845	6,687
Other (expense) income:		
Interest expense	(669)	(376)
Interest income	258	266
Other, net	6	30
	(405)	(80)
Income before provision for income taxes	3,440	6,607
Provision for income taxes (Note 2)	1,402	2,817
Net income	$ 2,038	$ 3,790
Basic earnings per share	$ .28	$ .50
Weighted average number of basic shares outstanding	7,371	7,609
Diluted earnings per share	$ .27	$ .50
Weighted average number of diluted shares outstanding	7,415	7,655

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Statements of Cash Flows
(Unaudited)
(In thousands)

<TABLE>

	Nine Months Ended September 30,	
	2000	1999
Cash flows from operating activities:		
<S>	<C>	<C>
Net income	$ 2,038	$ 3,790
Reconciliation of net income to cash from operations:		
Depreciation and amortization	2,373	1,784
Changes in certain assets and liabilities, net of acquisitions:		
Trade accounts receivable, net	4,249	(8,575)
Prepaid expenses and other	366	(840)
Deferred tax assets	(1,323)	155
Accounts payable	(283)	267
Accrued payroll, payroll taxes and related benefits	(1,271)	7,348
Workers' compensation claim and safety incentive liabilities	499	(582)
Income taxes payable	268	(238)
Other accrued liabilities	686	(206)
Customer deposits and long-term workers' compensation liabilities and other assets, net	(429)	(555)
Other long-term liabilities	239	393
Net cash provided by operating activities	7,412	2,741

Cash flows from investing activities:		
Cash paid for acquisitions, including other direct costs	(67)	(12,917)
Purchase of fixed assets, net of amounts purchased in acquisitions	(1,100)	(1,329)
Proceeds from maturities of marketable securities	992	2,325
Purchase of marketable securities	(670)	(2,731)
Net cash used in investing activities	(845)	(14,652)
Cash flows from financing activities:		
Payment of credit line assumed in acquisition	-	(1,113)
Net (payments on) proceeds from credit-line borrowings	(1,967)	2,972
Proceeds from issuance of long-term debt	-	8,000
Payments on long-term debt	(1,859)	(1,013)
Payment of notes payable	(865)	(240)
Repurchase of common stock	(2,103)	(700)
Payment to shareholder	-	(58)
Proceeds from the exercise of stock options	28	34
Net cash (used in) provided by financing activities	(6,766)	7,882
Net decrease in cash and cash equivalents	(199)	(4,029)
Cash and cash equivalents, beginning of period	550	4,029
Cash and cash equivalents, end of period	$ 351	$ -
Supplemental schedule of noncash activities:		
Acquisition of other businesses:		
Cost of acquisitions in excess of fair market value of net assets acquired	$ -	$ 12,456
Tangible assets acquired	-	3,364
Liabilities issued and assumed	-	1,798
Notes payable issued in connection with acquisitions	-	1,105

</TABLE>

The accompanying notes are an integral part of these financial statements.

BARRETT BUSINESS SERVICES, INC.
Notes to Financial Statements

NOTE 1 - BASIS OF PRESENTATION OF INTERIM PERIOD STATEMENTS:

The accompanying financial statements are unaudited and have been prepared by Barrett Business Services, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures typically included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from such estimates and assumptions. The financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1999 Annual Report on Form 10-K at pages F1-F21. The results of operations for an interim period are not necessarily indicative of the results of operations for a full year.

Certain prior year amounts have been reclassified to conform with the 2000 presentation. Such reclassifications had no effect on gross margin, net income or stockholders' equity.

NOTE 2 - PROVISION FOR INCOME TAXES:

Deferred tax assets (liabilities) are comprised of the following components (in thousands):

<TABLE>

	September 30, 2000	December 31, 1999
Current:		

Workers' compensation claim and safety incentive liabilities	$ 1,802	$ 1,368
Allowance for doubtful accounts	170	130
Other accruals	903	160
	$ 2,875	$ 1,658
Noncurrent:		
Tax depreciation in excess of book depreciation	$ (82)	$ (94)
Workers' compensation claim liabilities	267	272
Book amortization of intangibles in excess of tax amortization	489	380
Deferred compensation	44	44
Other	100	110
	$ 818	$ 712

NOTE 2 - PROVISION FOR INCOME TAXES (Continued):

The provision for income taxes for the nine months ended September 30, 2000 and 1999 is as follows (in thousands):

	Nine Months Ended September 30,	
	2000	1999
Current:		
Federal	$ 2,109	$ 2,090
State	616	562
	2,725	2,652
Deferred:		
Federal	(1,091)	139
State	(232)	26
	(1,323)	165
Provision for income taxes	$ 1,402	$ 2,817

NOTE 3 - STOCK INCENTIVE PLAN:

The Company has a Stock Incentive Plan (the "Plan") which provides for stock-based awards to the Company's employees, directors and outside consultants or advisers. The number of shares of common stock reserved for issuance under the Plan is 1,550,000.

The following table summarizes options granted under the Plan in 2000:

Outstanding at December 31, 1999	893,718	$2.80	to	$17.94
Options granted	187,824	$2.10	to	$6.75
Options exercised	(7,000)	$3.50	to	$4.40
Options canceled or expired	(66,000)	$7.75	to	$17.75
Outstanding at September 30, 2000	1,008,542	$2.10	to	$17.94
Exercisable at September 30, 2000	616,614			
Available for grant at September 30, 2000	185,024			

The options listed in the table generally become exercisable in four equal annual installments beginning one year after the date of grant.

NOTE 3 - STOCK INCENTIVE PLAN (Continued):

Certain of the Company's zone and branch management employees elect to receive a portion of their quarterly cash profit sharing distribution in the form of nonqualified deferred compensation stock options. Such options are awarded at a 60 percent discount from the then-fair market value of the Company's stock and are fully vested and immediately exercisable upon grant. Such discounts are recorded as comp-ensation expense. The amount of the grantee's deferred compensation (discount from fair market value) is subject to market risk. During the first nine months of 2000, the Company awarded deferred compensation stock options for 16,768 shares at exercise prices ranging from $2.10 to $2.60.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following table sets forth the percentages of total revenues represented by selected items in the Company's Statements of Operations for the three and nine months ended September 30, 2000 and 1999.

<TABLE>

	Percentage of Total Revenues			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Revenues:				
<S>	<C>	<C>	<C>	<C>
Staffing services	61.8 %	58.9 %	58.7 %	55.6%
Professional employer services	38.2	41.1	41.3	44.4
	100.0	100.0	100.0	100.0
Cost of revenues:				
Direct payroll costs	77.9	77.5	77.9	77.5
Payroll taxes and benefits	8.1	7.9	8.6	8.3
Workers' compensation	4.2	3.2	3.6	3.3
Total cost of revenues	90.2	88.6	90.1	89.1
Gross margin	9.8	11.4	9.9	10.9
Selling, general and administrative expenses	7.6	7.3	7.5	7.5
Depreciation and amortization	1.0	0.7	0.9	0.7
Income from operations	1.2	3.4	1.5	2.7
Other income (expense)	(0.2)	(0.1)	(0.2)	(0.1)
Income before provision for income taxes	1.0	3.3	1.3	2.6
Provision for income taxes	0.4	1.4	0.5	1.1
Net income	0.6 %	1.9 %	0.8 %	1.5%

</TABLE>

Three months ended September 30, 2000 and 1999

Net income for the third quarter of 2000 was $500,000, a decrease of $1,335,000 or 72.8% from the same period in 1999. The decrease in net income for 2000 was attributable primarily to a decline in the Company's revenues compared to recent quarters, combined with increased workers' compensation and direct payroll costs, both in terms of dollars and as a percentage of revenues, and higher depreciation and amortization, offset in part by lower selling, general and administrative expenses. Basic and diluted earnings per share for the third quarter of 2000 were $.07, which compares to basic and diluted earnings per share of $.24 for the 1999 third quarter.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

Results of Operations (continued)
- ---------------------------------

Revenues for the third quarter of 2000 totaled approximately $80.7 million, a decrease of approximately $15.2 million or 15.8% from the third quarter of 1999. In terms of geographic revenue trends for the Company's five operating zones, the Southern California and Mid-Atlantic operating zones experienced the largest percentage decline in quarter-over-quarter revenues. The Company's revenues continue to be adversely affected by the reduced availability of qualified employees in a low unemployment economy, as well as the Company's decision to terminate its relationship with certain customers due to unacceptable profit margins or risks associated with credit or workplace safety. In an effort to improve future operating results, management is (i) continuing to impose higher rates for the Company's services to reflect the current imbalance between the demand for and supply of qualified employees for its customers and (ii) seeking additional opportunities to reduce selling, general and administrative ("SG&A") expenses.

Staffing services revenue decreased approximately $6.6 million or 11.6% primarily due to a shortage of available qualified personnel in the majority of areas in which the Company does business. Professional employer ("PEO") services revenue decreased approximately $8.6 million or 21.7%, primarily due to management's decision to discontinue the Company's services to certain customers who were not generating acceptable gross margins. The decrease in PEO services revenue resulted in an increase in the share of staffing services from 58.9% of total revenues for the third quarter of 1999 to 61.8% for the third quarter of 2000. The share of revenues for PEO services had a corresponding decrease from 41.1% of total revenues for the third quarter of 1999 to 38.2% for the third quarter of 2000.

Gross margin for the third quarter of 2000 totaled approximately $7.9 million, which represented a decrease of $3.0 million or 27.7% from the third quarter of 1999. The gross margin percent decreased from 11.4% of revenues for the third quarter of 1999 to 9.8% for the third quarter of 2000. The decrease in the gross margin percentage was due to higher workers' compensation expense and direct payroll costs and slightly higher payroll taxes and benefits. Workers' compensation expense for the third quarter of 2000 totaled $3.4 million or 4.2% of revenues, which compares to $3.0 million or 3.2% of revenues for the same period in 1999. The increase in workers' compensation expense for the 2000 third quarter, as a percentage of revenues, was generally attributable to an increase in the expected total costs of claims in 2000 compared to the same period in 1999. The increase in direct payroll costs, as a percentage of revenues for the third quarter of 2000, was primarily due to increases in contract staffing and on-site management, which generally have a lower mark-up rate (and thus higher direct payroll costs as a percentage of revenues) relative to other staffing services provided by the Company. The increase in payroll taxes and benefits,

Results of Operations (continued)

as a percentage of revenues for the third quarter of 2000, was primarily attributable to increased direct payroll in California, which has a higher state unemployment tax rate as compared to other states in which the Company operates.

SG&A expenses for the 2000 third quarter amounted to approximately $6.1 million, a decrease of $829,000 or 11.9% from the comparable period in 1999. SG&A expenses, expressed as a percentage of revenues, increased from 7.3% for the third quarter of 1999 to 7.6% for the third quarter of 2000. The decrease in total SG&A dollars from 1999 was primarily attributable to lower management payroll, branch profit sharing and related payroll taxes.

Depreciation and amortization totaled $820,000 or 1.0% of revenues for the third quarter of 2000, which compares to $691,000 or 0.7% of revenues for the same period in 1999. The increased expense was primarily due to the March 1, 2000 implementa-tion of the Company's new information system.

Other expense totaled $122,000 or 0.2% of revenues for the third quarter of 2000, which compares to $138,000 or 0.1% of revenues for the third quarter of 1999. The small decrease in expense was primarily attributable to slightly less net interest expense on lower debt levels during the third quarter of 2000.

The Company offers various qualified employee benefit plans to its employees, including its worksite employees. These qualified employee benefit plans include a savings plan under Section 401(k) of the Internal Revenue Code (the "Code"), a cafeteria plan under Code Section 125, a group health plan, a group life insurance plan and a group disability insurance plan. Generally, qualified employee benefit plans are subject to provisions of both the Code and the Employee Retirement Income Security Act ("ERISA"). In order to qualify for favorable tax treatment under the Code, qualified plans must be established and maintained by an employer for the exclusive benefit of its employees. In the event the tax exempt status of the Company's benefit plans were to be discontinued and the benefit plans were to be disqualified, such actions could have a material adverse effect on the Company's business, financial condition and results of operations. Reference is made to pages 19-20 of the Company's 1999 Annual Report on Form 10-K for a more detailed discussion of this issue.

Nine Months Ended September 30, 2000 and 1999

Net income for the nine months ended September 30, 2000 was $2,038,000, a decrease of $1,752,000 or 46.2% from the same period in 1999. The decrease in net income was attributable to a lower gross margin percent owing primarily to higher direct

Results of Operations (continued)

payroll costs, payroll taxes and benefits and workers' compensation expense, expressed as a percentage of revenues, coupled with higher depreciation and amortization and interest expense. Basic and diluted earnings per share for the first nine months of 2000 were $.28 and $.27, respectively, as compared to $.50 for both basic and diluted earnings per share for the same period of 1999.

Revenues for the nine months ended September 30, 2000 totaled approximately $254.4 million, an increase of approximately $2.8 million or 1.1% over the similar period of 1999. The increase in total revenues was primarily due to the TSU acquisition, which was effective May 31, 1999.

Gross margin for the nine months ended September 30, 2000 totaled approximately $25.3 million, which represented a decrease of $2.1 million or 7.7% from the similar period of 1999. The gross margin percent decreased from 10.9% of revenues for the nine-month period of 1999 to 9.9% for the same period of 2000. The decrease in the gross margin percentage was primarily due to higher direct payroll costs and payroll taxes and benefits. The increase in direct payroll costs, as a percentage of revenues, was attributable to increases in contract staffing and on-site management, of which payroll generally represents a higher percentage of revenues. The increase in payroll taxes and benefits for the nine-month period of 2000 was primarily attributable to increased direct payroll in California, which has a higher state unemployment tax rate as compared to other states in which the Company operates. The increase in workers' compensation expense was generally attributable to an increase in the expected total costs of claims and a higher incidence of injuries in the nine months ended September 30, 2000 compared to the similar period in 1999.

SG&A expenses for the nine months ended September 30, 2000 amounted to approximately $19.1 million, an increase of $146,000 or 0.8% over the similar period of 1999. SG&A expenses, expressed as a percentage of revenues, remained constant at 7.5% for the nine-month periods of 1999 and 2000. The increase in total SG&A dollars was primarily due to increased bad debt expense, advertising and legal expenses, offset in part by lower branch profit sharing and related payroll taxes.

Depreciation and amortization totaled $2.4 million or 0.9% of revenues for the nine months ended September 30, 2000, which compares to $1.8 million or 0.7% of revenues for the same period of 1999. The increased expense was primarily due to the amortization arising from the acquisition of TSU coupled with depreciation and amortization from the March 1, 2000 implementation of the Company's new information system.

Results of Operations (continued)

Other expense totaled $405,000 or 0.2% of revenues for the nine-month period ended September 30, 2000, which compares to $80,000 or 0.1% of revenues for the comparable 1999 period. The increase in expense was primarily due to higher net interest expense related to debt incurred effective May 31, 1999 in connection with the TSU acquisition.

Fluctuations in Quarterly Operating Results

The Company has historically experienced significant fluctuations in its quarterly operating results and expects such fluctuations to continue in the future. The Company's operating results may fluctuate due to a number of factors such as seasonality, wage limits on payroll taxes, claims experience for workers' compensation, demand and competition for the Company's services and the effect of acquisitions. The Company's revenue levels fluctuate from quarter to quarter primarily due to the impact of seasonality in its staffing services business and on certain of its PEO clients in the agriculture and forest products related industries. As a result, the Company may have greater revenues and net income in the third and fourth quarters of its fiscal year. Payroll taxes and benefits fluctuate with the level of direct payroll costs but may tend to represent a smaller percentage of revenues later in the Company's fiscal year as federal and state statutory wage limits for unemployment and to a lessor extent social security taxes are exceeded by some employees. Workers' compensation expense varies with both the frequency and severity of workplace injury claims reported during a quarter, as well as adverse loss development of prior period claims during the current or subsequent quarters.

Liquidity and Capital Resources

The Company's cash position of $351,000 at September 30, 2000 represented a decrease of $199,000 from December 31, 1999. The decline in the first nine months of 2000 compares to a decrease of $4,029,000 for the comparable period in 1999. The decrease in cash at September 30, 2000, as compared to December 31, 1999, was primarily attributable to cash used to repurchase the Company's common stock, payments on credit-line borrowings and payments on long-term debt issued in connection with the 1999 TSU acquisition, partially offset by cash provided by net income and depreciation and amortization.

Net cash provided by operating activities for the nine months ended September 30, 2000 amounted to $7,412,000, as compared to $2,741,000 for the comparable 1999 period. For the 2000 period, cash flow was primarily generated by net

Liquidity and Capital Resources (continued)

income, together with noncash expenses of depreciation and amortization and a decrease in accounts receivable, partially offset by an increase in deferred tax assets and a decrease in accrued payroll, payroll taxes and related benefits.

Net cash used in investing activities totaled $845,000 for the nine months ended September 30, 2000, as compared to $14,652,000 for the similar 1999 period. For the 2000 period, the principal use of cash for investing activities was for costs associated with the March 1, 2000 implementation of the Company's new management information system. The Company presently has no material long-term capital commitments. For the 1999 period, the principal use of cash was for the acquisition of three staffing service businesses.

Net cash used in financing activities for the nine-month period ended September 30, 2000 was $6,766,000, which compared to $7,882,000 net cash provided by financing activities for the similar 1999 period. For the 2000 period, the principal use of cash in financing activities was $2,103,000 of cash used to repurchase the Company's common stock, $1,967,000 of payments made on credit-line borrowings and $1,859,000 of payments made on long-term debt, primarily the $8,000,000 three-year term loan in connection with the Company's acquisition of TSU.

The Company's business strategy is based in part on growth through the expansion of operations at existing offices, together with the acquisition of additional personnel-related businesses, both in its existing markets and other strategic geographic areas. The Company explores proposals for various acquisition opportunities on an ongoing basis, but there can be no assurance that any additional transactions will be consummated.

The Company maintains a credit arrangement with its principal bank which provides for an unsecured revolving credit facility of $15.0 million. This facility, which expires May 31, 2001, includes a subfeature for letters of credit, as to which approximately $2.6 million were outstanding as of September 30, 2000. Management believes that the credit facility and other potential sources of financing, together with anticipated funds generated from operations, will be sufficient in the aggregate to fund the Company's working capital needs for the foreseeable future.

During 1999, the Company's board of directors authorized a stock repurchase program. Since inception, the board has approved three increases in the total number of shares authorized to be repurchased under this program. The repurchase program currently allows for the repurchase of up to 950,000 common shares from time to time in open market purchases. During the first nine months of 2000, the Company

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Liquidity and Capital Resources (continued)

repurchased 380,500 shares at an aggregate price of $2,103,000. Since the inception of the repurchase program through November 8, 2000, the Company has repurchased 648,800 shares for an aggregate price of $3,848,000. Management anticipates that the capital necessary to continue to execute this program will be provided by existing cash balances and other available sources of financing.

Inflation

Inflation generally has not been a significant factor in the Company's operations during the periods discussed above. The Company has taken into account the impact of escalating medical and other costs in establishing reserves for future expenses for self-insured workers' compensation claims.

Forward-Looking Information

Statements in this report which are not historical in nature, including discussion of economic conditions in the Company's market areas, the potential for and effect of future acquisitions, the effect of changes in the Company's mix of services on gross margin, the adequacy of the Company's workers' compensation reserves and allowance for doubtful accounts, the tax-qualified status of the Company's 401(k) savings plan, and the availability of financing and working capital to meet the Company's funding requirements, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors with respect to the Company include difficulties associated with integrating acquired businesses and customers into the Company's operations, economic trends in the Company's service areas, the availability of qualified applicants for employment opportunities, the ability of the Company to obtain adequate rates for its services, uncertainties regarding government regulation of PEOs, including the possible adoption by the IRS of an unfavorable position as to the tax-qualified status of employee benefit plans maintained by PEOs, future workers' compensation claims experience, and the availability of and costs associated with potential sources of financing. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates primarily relates to the Company's short-term and long-term debt obligations. As of September 30, 2000, the Company had interest-bearing debt obligations of approximately $9.2 million, of which approximately $7.6 million bears interest at a variable rate and approximately $1.6 million at a fixed rate of interest. The variable rate debt is comprised of approximately $2.9 million outstanding under an unsecured revolving credit facility, which bears interest at the Federal Funds rate plus 1.25% or LIBOR plus 1.00%. The Company also has an unsecured three-year term note with its principal bank, which bears interest at LIBOR plus 1.35%. Based on the Company's overall interest exposure at September 30, 2000, a 10 percent change in market interest rates would not have a material effect on the fair value of the Company's long-term debt or its results of operations. As of September 30, 2000, the Company had not entered into any interest rate instruments to reduce its exposure to interest rate risk.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits filed herewith are listed in the Exhibit Index following the signature page of this Report.

(b) No Current Reports on Form 8-K were filed by the Registrant during the quarter ended September 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

BARRETT BUSINESS SERVICES, INC.
(Registrant)

Date: November 9, 2000

By:/s/ Michael D. Mulholland

Michael D. Mulholland
Vice President-Finance
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit

4.1 Amendment, dated September 30, 2000, to Loan Agreement between the Registrant and Wells Fargo Bank, N.A., dated May 31, 2000.

11 Statement of Calculation of Basic and Diluted Common Shares Outstanding

27 Financial Data Schedule

Portland Commercial Banking
1300 SW Fifth Avenue
P O Box 3131, MAC 6101-133
Portland, OR 97208-3131

WELLS
FARGO

September 30, 2000

BARRETT BUSINESS SERVICES, INC.
4724 SW Macadam Avenue
Portland, OR 97201

Dear Mike:

This letter amendment (this "Amendment") is to confirm the changes agreed upon between WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") and BARRETT BUSINESS SERVICES, INC. ("Borrower") to the terms and conditions of that certain letter agreement between Bank and Borrower dated as of May 31, 2000, as amended from time to time (the "Agreement"). For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree that the Agreement shall be amended as follows to reflect said changes.

1. Paragraph V.9 is hereby deleted in its entirety, and the following substituted therefor:

"9, Financial Condition. Maintain Borrower's financial condition as follows using generally accepted accounting principles consistently applied and used consistently with prior practices (except to the extent modified by the definitions herein):

(a) Current Ratio as of the and of each fiscal quarter not at any time less than 1.15 to 1.0, with "Current Ratio" defined as total current assets divided by total current liabilities.

(b) EBITDA not less than $8,000,000.00 as of each fiscal quarter end, determined on a trailing four-quarters basis including the current quarter then ended, with "EBITDA" defined as net profit before tax plus interest expense (net of capitalized interest expense), depreciation expense and amortization expense,

(c) Funded Debt to EBITDA Ratio as of the end of each fiscal quarter not more than 2.25 to 1.0, with "Funded-Debt" defined as all borrowed funds plus the amount of all capitalized lease obligations of Borrower.

(d) EBITDA Coverage Ratio not less then 1.75 to 1.00 as of each fisoal quarter end, with "EBITDA" as defined above, and with "EBITDA Coverage Ratio" defined as EBITDA divided by the aggregate of (i) total interest expense for the trailing four quarters, including the current quarter then ended, plus (ii) scheduled principal payments on long-term debt and subordinated debt for the trailing four quarters, including the current quarter then ended."

2. Except as specifically provided herein, all terms and conditions of the Agreement remain in full force and effect, without waiver or modification. All terms defined in the Agreement shall have the same meaning when used herein. This Amendment and the Agreement shall be read together, as one document.

3. Borrower hereby remakes all representations and warranties contained in the Agreement and reaffirms all covenants set forth therein. Borrower further certifies that as of the date of Borrower's acknowledgment set forth below there exists no default or defined event of default under the Agreement or any promissory note or other contract, instrument or document executed in connection therewith, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute such a default or defined event of default.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BANK AFTER OCTOBER 3,1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BANK TO BE ENFORCEABLE.

Your acknowledgment of this Amendment shall constitute acceptance of the foregoing terms and conditions.

Sincerely,

WELLS FARGO BANK,
NAT10NAL ASSOCIATION

By: /s/ Julie Wilson
Julie Wilson
Vice President

Acknowledged and accepted as of 10-27-00.

BARRETT BUSINESS SERVICES, INC.

By: /s/ Michael D. Mulholland
Michael D. Mulholland
Vice President-Finance

EXHIBIT 11

BARRETT BUSINESS SERVICES, INC.
STATEMENT OF CALCULATION OF BASIC
AND DILUTED COMMON SHARES OUTSTANDING

	Three Months Ended September 30, 2000
Weighted average number of basic shares outstanding	7,236,441
Stock option plan shares to be issued at prices ranging from $2.10 to $17.94 per share	1,018,549
Less: Assumed purchase at average market price during the period using proceeds received upon exercise of options and purchase of stock, and using tax benefits of compensation due to premature dispositions	(979,308)
Weighted average number of diluted shares outstanding	7,275,682

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EXHIBIT 27

BARRETT BUSINESS SERVICES, INC.
FINANCIAL DATA SCHEDULE

This schedule contains summary financial information extracted from the Company's balance sheet and related statement of operations for the period ended September 30, 2000 and is qualified in its entirety by reference to such financial statements.

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