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 June 30, 1996

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 report), 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 July 31, 1996 was 6,783,452 shares.

BARRETT BUSINESS SERVICES, INC.

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PART I - Financial Information

Item 1. Financial Statements

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

	June 30, 1996	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 3,909	$ 3,218
Trade accounts receivable, net	16,177	13,151
Note receivable	324	-
Prepaid expenses and other	619	478
Deferred tax asset (Note 3)	664	937
Total current assets	21,693	17,784
Intangibles, net	8,981	6,452
Property and equipment, net	2,400	2,261
Restricted marketable securities and workers' compensation deposits	5,817	4,681
Other assets	107	95
	$38,998	$31,273
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 35	$ 33
Income taxes payable (Note 3)	443	-
Accounts payable	116	378
Accrued payroll, payroll taxes and related benefits	8,248	5,797
Accrued workers' compensation claims liabilities	1,606	2,383
Customer safety incentives payable	981	776
Total current liabilities	11,429	9,367
Long-term debt, net of current portion	857	875
Customer deposits	813	675
Long-term workers' compensation liabilities	419	322
	13,518	11,239
Commitments and contingencies		
Redeemable common stock, 159 shares issued and outstanding (Note 2)	2,825	-
Nonredeemable stockholders' equity:		
Common stock, $.01 par value; 20,500 shares authorized, 6,585 and 6,551 shares issued and outstanding, respectively	66	66
Additional paid-in capital	10,926	10,437
Retained earnings	11,663	9,531
	22,655	20,034
	$38,998	$31,273

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)

Three Months Ended
June 30,

	1996	1995
Revenues:		
Staffing services	$27,091	$24,333
Professional employer services	24,780	20,231
	51,871	44,564
Cost of revenues:		
Direct payroll costs	39,160	33,659
Payroll taxes and benefits	4,989	4,044
Workers' compensation	1,213	1,707
Safety incentives	362	235
	45,724	39,645
Gross margin	6,147	4,919
Selling, general and administrative expenses	3,939	3,226
Amortization of intangibles	209	138
Income from operations	1,999	1,555
Other income (expense):		
Interest expense	(21)	(20)
Interest income	126	95
Other, net	1	28
	106	103
Income before provision for income taxes	2,105	1,658
Provision for income taxes	800	619
Net income	$ 1,305	$ 1,039
Primary earnings per share (Note 5)	$ .19	$ .16
Primary weighted average number of common stock equivalent shares outstanding	6,978	6,639

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)

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Revenues:		
Staffing services	$49,719	$44,937
Professional employer serv ices	45,337	38,926
	95,056	83,863
Cost of revenues:		
Direct payroll costs	71,878	63,403
Payroll taxes and benefits	9,322	7,626
Workers' compensation	1,983	4,014
Safety incentives	709	422
	83,892	75,465
Gross margin	11,164	8,398
Selling, general and administrative expenses	7,567	6,101
Amortization of intangibles	369	284
Income from operations	3,228	2,013

Other income (expense):		
Interest expense	(42)	(33)
Interest income	252	202
Other, net	-	30
	210	199
Income before provision for income taxes	3,438	2,212
Provision for income taxes	1,306	829
Net income	$ 2,132	$ 1,383
Primary earnings per share (Note 5)	$ .31	$ .21
Primary weighted average number of common stock equivalent shares outstanding	6,883	6,653

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

BARRETT BUSINESS SERVICES, INC.

Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	1996	1995
Cash flows from operating activities:		
Net income	$ 2,132	$ 1,383
Reconciliation of net income to cash from operations:		
Depreciation and amortization	512	398
Gain on sale of marketable securities	-	(25)
Changes in certain assets and liabilities, net of assets acquired and liabilities assumed:		
Trade accounts receivable, net	(2,954)	(3,854)
Prepaid expenses and other	(153)	9
Deferred tax asset	273	(287)
Accounts payable	(262)	328
Accrued payroll, payroll taxes and related benefits	2,451	1,365
Accrued workers' compensation claims liabilities	(777)	783
Customer safety incentives payable	205	25
Income taxes payable	443	272
Customer deposits and long-term workers' compensation liabilities	183	9
Net cash provided by operating activities	2,053	406
Cash flows from investing activities:		
Cash paid for acquisitions, including other direct costs (Note 2)	(113)	-
Purchases of fixed assets, net of amounts purchased in acquisitions	(206)	(199)
Proceeds from sales of marketable securities	3,244	1,035
Purchases of marketable securities	(4,380)	(1,718)
Net cash used in investing activities	(1,455)	(882)
Cash flows from financing activities:		
Payments on long-term debt	(16)	(13)
Proceeds from exercise of stock options and warrants	109	496
Net cash provided by financing activities	93	483
Net increase in cash and cash equivalents	691	7
Cash and cash equivalents, beginning of period	3,218	2,214

Cash and cash equivalents, end of period	$ 3,909	$ 2,221

Supplemental schedule of noncash activities:

Acquisition of other businesses:		
Cost of acquisitions in excess of fair market value of net assets acquired	$ 2,898	$ -
Tangible assets acquired	472	-
Liabilities assumed	52	-
Common stock issued in connection with acquisitions	3,205	-

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 financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1995 Annual Report on Form 10-K at pages 22-41. The results of operations for an interim period are not necessarily indicative of the results of operations for a full year.

NOTE 2 - ACQUISITIONS:

On April 1, 1996, the Company acquired certain assets and the business of StaffAmerica, Inc., pursuant to a Plan and Agreement of Reorganization. StaffAmerica provides both temporary staffing and staff leasing services through its two offices located in Santa Barbara and Oxnard, California. In 1995, StaffAmerica had revenues of approximately $6.7 million. In exchange for the StaffAmerica assets and business operations, the Company issued 157,464 shares of its common stock valued at $2,795,000, assumed a StaffAmerica liability of $50,000 for customer deposits and issued to each of the two owners of StaffAmerica, 845 shares of Company common stock for their covenants not to compete and incurred $84,000 in acquisition related costs. The acquisition was accounted for under the purchase method of accounting which resulted in $2,579,000 of intangible assets, a promissory note receivable from seller of $324,000 and $56,000 in fixed assets. The $324,000 promissory note is due and payable no later than March 31, 1997.

The Plan and Agreement of Reorganization between StaffAmerica and the Company allows StaffAmerica and the former owners to require the Company to repurchase the shares issued to them on April 1, 1996. There are certain conditions and restrictions imposed on StaffAmerica, and the former owners with regard to the Company's obligation to repurchase its stock. The Company's obligation to repurchase such shares commenced on May 1, 1996, and expires on March 31, 1997. Upon redemption, and to the extent the note receivable from the seller remains outstanding, the price per share shall be the lower of $17.75 per share or the then current market value of the common stock.

If the note receivable has been fully retired, then the price per share of the common stock shall be $17.75. The total 159,154 shares of common stock is shown as redeemable common stock in the accompanying balance sheet as of June 30, 1996, at its recorded value of $2,825,000.

On April 8, 1996, the Company acquired certain assets and the business of JobWorks Agency, Inc., by way of a Plan and Agreement of Reorganization. JobWorks provides both temporary staffing and staff leasing services through its two offices located in Hood River and The Dalles, Oregon. JobWorks had revenues of approximately $1.2 million in 1995. The Company issued 20,446 shares of its common stock with a then-fair value of $380,000 for the assets and business of JobWorks and assumed a customer deposit liability of $2,000 and incurred $9,000 in acquisition related costs. The Company paid $15,000 in cash for the selling shareholder's agreement of noncompetition. The acquisition was accounted for under the purchase method of accounting which resulted in $314,000 of intangible assets, $72,000 in accounts receivable and $20,000 in fixed assets.

NOTE 3 - PROVISION FOR INCOME TAXES:

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

	June 30, 1996	December 31, 1995
Accrued workers' compensation claims liabilities	$ 775	$1,053
Allowance for doubtful accounts	10	10
Tax depreciation in excess of book depreciation	(141)	(126)
Book amortization of intangibles in excess of tax amortization	20	-
	$ 664	$ 937

The provision for income taxes for the six months ended June 30, 1996 and 1995, is as follows (in thousands):

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Current:		
Federal	$ 843	$ 913
State	190	203
	1,033	1,116
Deferred:		
Federal	228	(239)
State	45	(48)
	273	(287)
Provision for income taxes	$1,306	$ 829

NOTE 4 - STOCK INCENTIVE PLAN:

In 1993, the Company adopted 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 800,000.

The following table summarizes options granted under the Plan in 1996:

Outstanding at December 31, 1995	496,625	$ 3.50 to $16.36
Options granted	102,000	$15.06 to $18.69
Options exercised	(12,875)	$ 3.50 to $ 9.50
Options canceled or expired	(58,500)	$ 3.50 to $18.69
Outstanding at June 30, 1996	527,250	$ 3.50 to $18.00
Exercisable at June 30, 1996	143,250	
Available for grant at June 30, 1996	219,750	

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

NOTE 5- NET INCOME PER SHARE:

Net income per share is computed based on the weighted average number of common stock and common stock equivalent shares outstanding during the period.

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 six-month periods ended June 30, 1996 and 1995.

	Percentage of Total Revenues			
	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Revenues:				
Staffing services	52.2%	54.6%	52.3%	53.6%
Professional employer services	47.8	45.4	47.7	46.4
Total revenues	100.0	100.0	100.0	100.0
Cost of revenues:				
Direct payroll costs	75.5	75.5	75.6	75.6
Payroll taxes and benefits	9.6	9.2	9.8	9.1
Workers' compensation	2.3	3.8	2.1	4.8
Safety incentives	.7	.5	.8	.5
Total cost of revenues	88.1	89.0	88.3	90.0
Gross margin	11.9	11.0	11.7	10.0
Selling, general and administrative expenses	7.6	7.2	8.0	7.3
Amortization of intangibles	.4	.3	.3	.3
Income from operations	3.9	3.5	3.4	2.4
Other income (expense)	.2	.2	.2	.2
Pretax income	4.1	3.7	3.6	2.6
Provision for income taxes	1.6	1.4	1.4	1.0
Net income	2.5	2.3	2.2	1.6

Three months ended June 30, 1996 and 1995

Net income for the second quarter of 1996 was $1,305,000, an increase of $266,000 or 25.6% over the same period in 1995. The increase in net income was attributable to higher revenues, combined with an increased gross margin percent, offset in part by higher selling, general and administrative expenses, expressed as a percentage of revenues. Earnings per share for the second quarter of 1996 were $.19 as compared to $.16 for the second quarter of 1995.

Revenues for the second quarter of 1996 totaled approximately $51.9 million, an increase of approximately $7.3 million or 16.4% over the second quarter of 1995. The quarter-over-quarter internal growth rate of revenues was 4.8%. The percentage increase in total revenues exceeded the internal growth rate of revenues primarily due to the acquisition of four temporary staffing businesses in July 1995, one such business in December 1995, and two temporary staffing and staff leasing services businesses in April 1996, as discussed in Note 2 to the financial statements included in Item 1. The lower internal growth rate of revenues of 4.8% for the 1996 second quarter compared to the Company's second quarter 1995 internal growth rate of 25.6% is believed to be attributable to an ongoing slowdown in the high-tech industry which continues to have a negative effect on the growth rate of the Company's Santa Clara, California operations. The mix of professional employer services as a percent of revenues increased to 47.8%, up from 45.4% of total revenues for the comparable 1995 period due to the growth in the number of new PEO clients primarily in Oregon and California. Staffing services had a corresponding decline in sales mix for the second quarter of 1996 to 52.2% of total revenues as compared to 54.6% of total revenues for the same period in 1995.

Gross margin for the second quarter of 1996 totaled approximately $6.1 million, which represented an increase of $1.2 million or 24.5% over the same period of 1995. The gross margin percent increased to 11.9% of revenues for the second quarter of 1996 from 11.0% for the second quarter of 1995 as a result of significantly lower workers' compensation expense both in terms of total dollars and as a percentage of revenues. The Company's workers' compensation expense for the second quarter of 1996 declined to 2.3% of revenues as compared to 3.8% of revenues for the second quarter of 1995. The decrease in workers' compensation expense, as a percentage of revenues, was offset in part by an increase in payroll taxes and benefits as a percentage of revenues resulting from higher state unemployment tax rates in various states.

The following table summarizes certain indicators of performance regarding the Company's self-insured workers' compensation program for each of the first two quarters of 1996 and 1995.

Self-Insured Workers' Compensation Profile

	No. of Injury Claims		Total Workers' Comp Expense (in thousands)		Total Workers' Comp Expense as a % of Total Payroll		"Reserve"1 as a % of "At Risk Claims"2	
	1996	1995	1996	1995	1996	1995	1996	1995
Q1	193	266	$ 770	$2,307	2.4%	7.8%	41.0%	33.0%
Q2	312	309	1,213	1,707	3.1	5.1	41.0	40.6
YTD	505	575	$1,983	$4,014	2.8%	6.3%		

1 "Reserve" in this context is defined as an additional expense provision for the unexpected future adverse development of claims expense (commonly referred to as "IBNR").

2 "At Risk Claims" are defined as the dollar amount of all injury claims submitted under self-insured payroll less amounts covered by excess reinsurance.

The preceding table illustrates the 1996 first and second quarter improvement over the similar 1995 first and second quarters in the Company's total workers' compensation expense both in terms of total dollars and, more importantly, as a percent of total payroll dollars. Concurrent with the improved expense level and percentage, the Company has increased its reserves for future adverse claim development to 41.0% of "at risk claims" as of June 30, 1996, as compared to 40.6% at June 30, 1995.

Selling, general and administrative expenses (excluding the amortization of intangibles) amounted to approximately $3.9 million, an increase of $713,000 or 22.1% over the comparable period in 1995. Selling, general and administrative expenses, expressed as a percentage of revenues, increased from 7.2% for the second quarter of 1995 to 7.6% of revenues for the second quarter of 1996. The increase was primarily attributable to the acquisition of seven temporary staffing and staff leasing companies between July 1995 and April 1996.

The Company offers various employee benefit plans, including a savings plan pursuant to Internal Revenue Code ("Code") Section 401(k) and a cafeteria plan pursuant to Code Section 125, to its employees, including its worksite employees. In order to qualify for favorable tax treatment under the Code, such plans must be established and maintained by an employer for the exclusive benefit of its employees. The Internal Revenue Service (the "IRS") has reportedly adopted or is considering the adoption of a position that Professional Employer Organizations ("PEOs"), such as the Company, are not employers for ERISA purposes, at least in certain factual situations. The universal application of this position to all PEO situations could potentially disqualify from favorable tax treatment all the employee benefit plans of all PEOs. However, the precise nature, scope, and effect of the IRS's determinations on this issue, which to the best of the Company's knowledge have not yet been published, are not known at this time. Accordingly, the Company has not recorded any provision in connection with the potential disqualification of its benefit plans, as neither the likelihood of disqualification nor the resulting range of loss, if any, is currently estimable. Reference is made to pages 17-18 of the Company's 1995 Annual Report on Form 10-K for a more detailed discussion of this issue.

Six Months Ended June 30, 1996 and 1995

Net income for the six months ended June 30, 1996 was $2,132,000, an increase of $749,000 or 54.2% over the same period in 1995. The increase in net income was primarily due to continued growth in revenues and a higher gross margin percentage owing to improved workers' compensation expense. Net income per share for the six months ended June 30, 1996 was $.31 as compared to $.21 for the six months ended June 30, 1995.

Revenues for the six months ended June 30, 1996 totaled approximately $95.1 million, an increase of approximately $11.2 million or 13.3% over the comparable period of 1995. The internal growth rate of revenues was 5.1%. The growth rate of total revenues exceeded the internal growth rate of revenues primarily due to the acquisition of seven temporary staffing and staff leasing businesses between July 1995 and April 1996. The lower internal growth rate of revenues of 5.1% for the six-month period ended June 30, 1996 compared to the internal growth rate of 24.7% for the similar period of 1995 is believed to be attributable to the first quarter of 1996 inclement weather conditions in Oregon, Maryland and Delaware, as well as to an ongoing slowdown in the high-tech industry which continues to have a negative effect on the growth rate of the Company's Santa Clara, California operations.

Gross margin for the six months ended June 30, 1996 totaled approximately $11.2 million or 11.7% of revenues, which compares to $8.4 million or 10.0% of revenues for the same period of 1995. The improvement in gross margin dollars and percent from the 1995 comparable period was primarily attributable to improved workers' compensation experience, offset in part by higher payroll taxes and benefits expressed as a percentage of revenues resulting from higher state unemployment tax rates in various states.

Selling, general and administrative expenses (excluding the amortization of intangibles) amounted to approximately $7.6 million, an increase of $1.5 million or 24.0% over the comparable period in 1995. Selling, general and administrative expenses, expressed as a percentage of revenues, increased from 7.3% for the first six months of 1995 to 8.0% for the first six months of 1996. The increase was primarily attributable to: (i) the acquisition of seven temporary staffing and staff leasing businesses between July 1995 and April 1996, which have had higher administrative overhead requirements and (ii) additional branch office staffing to support increased business activity and additional workers' compensation loss control branch personnel to strengthen the administration of the Company's self-insured workers' compensation programs.

Seasonal Fluctuations

The Company's revenues historically have been subject to some seasonal fluctuation, particularly in its staffing services business. Demand for the Company's staffing services and certain staff leasing clients decline during the year-end holiday season and periods of inclement weather. Correspondingly, demand for staffing services, and the operations of some staff leasing clients, particularly agricultural and forest products-related companies, increase during the second and third quarters.

Liquidity and Capital Resources

The Company's cash position of $3,909,000 at June 30, 1996 increased by $691,000 from December 31, 1995. The increase was primarily due to cash provided by operating activities, offset in part by the use of cash for net purchases of restricted marketable securities.

Net cash provided by operating activities for the six months ended June 30, 1996 amounted to $2,053,000 as compared to $406,000 for the comparable 1995 period. For the 1996 period, cash flow generated by net income and an increase in accrued payroll and benefits was offset in part by a $3.0 million increase in accounts receivable and a $777,000 decrease in accrued workers' compensation claims liabilities.

Net cash used in investing activities totaled $1,455,000 for the six months ended June 30, 1996 as compared to $882,000 for the similar 1995 period. For the 1996 period, the principal use of cash for investing activities was the purchase of restricted marketable securities to satisfy various state self-insured workers' compensation surety deposit requirements. The Company presently has no material long-term capital commitments.

Net cash provided by financing activities for the three-month period ended June 30, 1996 was $93,000, which compares to $483,000 for the comparable 1995 period. For the 1995 period, the principal source of cash provided by financing activities arose from the exercise of warrants by underwriters to purchase 110,000 shares of the Company's common stock at $4.20 per share. Such warrants were received by the Company's underwriters in connection with its June 1993 initial public offering of common stock. As of the date of this filing, an underwriter continues to hold warrants to purchase 90,000 shares of common stock at $4.20 per share.

The Company's business strategy continues to focus on growth through the acquisition of additional personnel-related businesses, both in its existing markets and other strategic geographic areas, and the expansion of operations at existing offices. As disclosed in Note 2 to the financial statements included herein, the Company purchased, during April 1996, certain assets of two temporary staffing and staff leasing companies located in California and Oregon for a combination of cash and shares of the Company's common stock. The Company actively explores proposals for various acquisition opportunities on an ongoing basis, but there can be no assurance that any additional transactions will be consummated.

During the second quarter ended June 30, 1996, the Company renewed its unsecured $4.0 million revolving credit facility through May 30, 1997. There was no outstanding balance at June 30, 1996. The renewal of the credit facility was on terms and conditions more favorable than the prior credit arrangement which expired May 30, 1996. Such favorable terms and conditions for the new credit facility included a reduction in fees and the elimination of certain financial covenants. Management also believes the funds anticipated to be generated from operations, together with the renewed credit facility and other potential sources of financing, will be sufficient in the aggregate to fund the Company's working capital needs for the foreseeable future.

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 appearing in this report which are not historical in nature, including the discussions of economic conditions in the Company's market areas, the tax-qualified status of the Company's 401(k) savings plan, and the adequacy of the Company's capital resources, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that may cause actual future results to differ materially. Such risks and uncertainties with respect to the Company include economic trends in the Company's service areas, uncertainties regarding government regulation of PEOs and the staff leasing industry, including the possible adoption by the Internal Revenue Service 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.

Part II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its 1996 annual meeting of stockholders on May 16, 1996. The following directors were elected at the annual meeting:

	FOR	WITHHELD	ABSTENTIONS AND BROKER NON-VOTES
Robert R. Ames	6,105,997	1,200	
Jeffrey L. Beaudoin	6,105,797	1,400	
Stephen A. Gregg	6,105,797	1,400	
Anthony Meeker	6,105,797	1,400	
Stanley G. Renecker	6,105,897	1,300	
William W. Sherertz	6,106,997	200	

The other matter presented for action at the annual meeting was approved by the following vote:

	FOR	AGAINST	ABSTENTIONS AND BROKER NON-VOTES
Approval of the appointment of Price Waterhouse LLP as independent accountants	6,104,797	1,500	900

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 June 30, 1996.

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: August 9, 1996

By: /s/ Michael D. Mulholland
Michael D. Mulholland
Vice President-Finance
(Principal Financial Officer)

EXHIBIT INDEX

EXHIBIT

4.4 Fifth Amendment to Loan Agreement between the Registrant and First Interstate Bank of Oregon, N.A. dated May 31, 1996.

11 Statement of Calculation of Average Common Shares Outstanding

27 Financial Data Schedule

FIFTH AMENDMENT TO LOAN AGREEMENT

THIS AMENDMENT TO LOAN AGREEMENT, made and entered into as of the 31st day of May, 1996, by and between FIRST INTERSTATE BANK OF OREGON, N.A. (hereinafter referred to as "Bank"), and BARRETT BUSINESS SERVICES, INC, with its chief executive office at 4724 SW Macadam Boulevard, Portland, Oregon 97201 (hereinafter referred to as "Borrower").

RECITALS

The parties entered into a loan agreement dated as of August 12, 1993, which was subsequently amended by various instruments, the latest of which is numbered fourth and is dated as of the 1st day of June, 1995 (hereinafter collectively referred to as the "Agreement"), and the parties now desire to amend the Agreement as hereinafter provided. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

NOW, THEREFORE, the parties mutually agree as follows:

1. The Agreement is hereby amended to provide:

   (a) Section 1. "LOAN(S)" is hereby deleted, and in place thereof the following new Section 1. "LOAN(S)" is inserted:

   "1. LOAN(S). Subject to the terms and conditions of this Agreement, Lender agrees to make (a) a loan or loans on a revolving basis up to and including May 30, 1997, in the maximum aggregate amount outstanding at any one time of Four Million and No/100 Dollars ($4,000,000.00) to Borrower for the purpose of working capital support (`Revolving Loan'), and (b) a term real estate loan in the maximum amount of Six Hundred Ninety-Three Thousand Seven Hundred Fifty and No/100 Dollars ($693,750.00) (`Real Estate Loan'). The Revolving Loan and Real Estate Loan shall be referred to collectively as the `Loans.' The Loans shall be evidenced by promissory notes substantially in the form of Exhibits A and B attached hereto and by this reference incorporated herein (`Notes')."

   (b) Section 6.(b) titled "FINANCIAL COVENANTS" is hereby deleted, and in place thereof the following Section 6.(b) titled "FINANCIAL COVENANTS" is inserted:

   "6. FINANCIAL COVENANTS.
   (b) Borrower shall maintain a zero dollar ($0.00) balance under the Revolving Loan for thirty (30) consecutive days each fiscal year.

   (c) Section 6. FINANCIAL COVENANTS. (a) is hereby deleted in its entirety.

   (d) Section 6. FINANCIAL COVENANTS. (c) is hereby deleted in its entirety.

   (e) Section 6. FINANCIAL COVENANTS. (d) is hereby deleted in its entirety.

   (f) Section 4. AFFIRMATIVE COVENANTS. (h) is hereby deleted, and in place thereof the following new Section 4. AFFIRMATIVE COVENANTS. (h) is inserted:

   Section 4. AFFIRMATIVE COVENANTS.
   (h) Commencing May 31, 1996, pay to Bank a fee computed on the daily unused commitment amount at a rate of one-eighth of one percent (0.125%) per annum. The commitment fee shall be computed for the actual number of days elapsed on the basis of a 365-day or 366-day year, as applicable, and shall be due and payable quarterly in arrears on the first (1st) day of each quarter. Payment shall be made at the office of Bank designated by Bank for such purpose.

2. Except as herein amended, each and all of the terms and provisions of the Agreement shall be and remain in full force and effect during the term thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement, in duplicate, as of the date first hereinabove written.

Borrower hereby acknowledges receipt of a copy of this Amendment.

BARRETT BUSINESS SERVICES, INC.	FIRST INTERSTATE BANK OF OREGON, N.A.

By: /s/ Michael D.Mulholland By: /s/ Marlene Roberts

Title: Vice President-Finance Title: Vice President

FIRST INTERSTATE BANK

EXHIBIT A

CHANGE IN TERMS AGREEMENT

==

Borrower:	BARRETT BUSINESS SERVICES, INC. 4724 SW Macadam Boulevard Portland, OR 97201	LENDER:	First Interstate Bank of Oregon, N.A. Oregon Corporate 1300 SW 5th Ave T-19 P.O. Box 3131 Portland, OR 97208

==

PRINCIPAL AMOUNT: $4,000,000.00 DATE OF AGREEMENT: May 31, 1996

DESCRIPTION OF EXISTING INDEBTEDNESS. That certain optional advance note executed by Borrower on June 1, 1995 in the original amount of $4,000,000.00, as it may have been amended or renewed from time to time (the "Note").

DESCRIPTION OF CHANGE IN TERMS. The maturity date of the existing indebtedness described above is hereby extended to May 30, 1997, when the entire unpaid principal balance, all accrued and unpaid interest, and all other amounts payable thereunder shall be due and payable.

ARBITRATION

Binding Arbitration. Upon the demand of any party ("Party/Parties"), to a Document (as defined below), whether made before the institution of any judicial proceeding or not more than 60 days after service of a complaint, third party complaint, cross-claim or counterclaim or any answer thereto or any amendment to any of the above, any Dispute (as defined below) shall be resolved by binding arbitration in accordance with the terms of this Arbitration Program. A "Dispute" shall include any action, dispute, claim or controversy of any kind, whether founded in contract, tort, statutory or common law, equity, or otherwise, now existing or hereafter arising between any of the Parties arising out of, pertaining to or in connection with any agreement, document or instrument to which this Arbitration Program is attached or in which it appears or is referenced or any related agreements, documents or instruments ("Documents"). Any Party who fails to submit to binding arbitration following a lawful demand by another Party shall bear all costs and expenses, including reasonable attorneys' fees (including those incurred in any trial, bankruptcy proceeding or on appeal) incurred by the other Party in obtaining a stay of any pending judicial proceeding and compelling arbitration of any Dispute. The parties agree that any agreement, document or instrument which includes, attaches to or incorporates this Arbitration Program represents a transaction involving commerce as that term is used in the Federal Arbitration Act ("FAA") Title 9 United States Code. THE PARTIES UNDERSTAND THAT BY THIS AGREEMENT THEY HAVE DECIDED THAT THEIR DISPUTES SHALL BE RESOLVED BY BINDING ARBITRATION RATHER THAN IN COURT, AND ONCE DECIDED BY ARBITRATION NO DISPUTE CAN LATER BE BROUGHT, FILED OR PURSUED IN COURT.

Governing Rules. Arbitrations conducted pursuant to this Arbitration Program shall be administered by the American Arbitration Association ("AAA"), or other mutually agreeable administrator ("Administrator") in accordance with the terms of this Arbitration Program and the Commercial Arbitration Rules of AAA. Proceedings hereunder shall be governed by the provisions of the FAA. The arbitrator(s) shall resolve all Disputes in accordance with the applicable substantive law designated in the Documents. Judgment upon any award rendered hereunder may be entered in any court having jurisdiction; provided, however that nothing herein shall be construed to be a waiver by any party that is a bank of the protections afforded pursuant to 12 U.S.C. 91 or any similar applicable state law.

Preservation of Remedies. No provision of, nor the exercise of any rights under, this arbitration clause shall limit the right of any Party to: (a) foreclose against any real or personal property collateral or other security, or obtain a personal or deficiency award; (b) exercise self-help remedies (including repossession and setoff rights); or (c) obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, replevin, garnishment, or the appointment of a receiver from a court having jurisdiction. Such rights can be exercised at any time except to the extent such action is contrary to a final award or decision in any arbitration proceeding. The institution and maintenance of an action as described above shall not constitute a waiver of the right of any Party to submit the Dispute to arbitration, nor render inapplicable the compulsory arbitration provisions hereof. Any claim or Dispute related to exercise of any self-help, auxiliary or other rights under this paragraph shall be a Dispute hereunder.

Arbitrator Powers and Qualifications; Awards. The Parties agree to select a neutral "qualified" arbitrator or a panel of three "qualified" arbitrators to resolve any Dispute hereunder. "Qualified" means a practicing attorney, with not less than 10 years practice in commercial law, licensed to practice in the state of the applicable substantive law designated in the Documents. A Dispute in which the claims or amounts in controversy do not exceed $1,000,000.00, shall be decided by a single arbitrator. A single arbitrator shall have authority to render an award up to but not to exceed $1,000,000,00 including all damages of any kind whatsoever, costs, fees, attorneys' fees and expenses. Submission to a single arbitrator shall be a waiver of all Parties' claims to recover more than $1,000,000.00. A dispute involving claims or amounts in controversy exceeding $1,000,000.00 shall be decided by a majority vote of a panel of three qualified arbitrators. The arbitrator(s) shall be empowered to, at the written request of any Party in any Dispute, (a) to consolidate in a single proceeding any multiple party claims that are substantially identical or based upon the same underlying transaction; (b) to consolidate any claims and Disputes between other Parties which arise out of or relate to the subject matter hereof, including all claims by or against borrowers, guarantors, sureties and or owners of collateral; and (c) to administer multiple arbitration claims as class actions in accordance with Rule 23 of the Federal Rules of Civil Procedure. In any consolidated proceeding the first arbitrator(s) selected in any proceeding shall conduct the consolidated proceeding unless disqualified due to conflict of interest. The arbitrator(s) shall be empowered to resolve any dispute regarding the terms of this arbitration clause, including questions about the arbitrability of any Dispute, but shall have no power to change or alter the terms of this Arbitration Program. The prevailing Party in any Dispute shall be entitled to recover its reasonable attorneys' fees in any arbitration, and the arbitrator(s) shall have the power to award such fees. The award of the arbitrator(s) shall be in writing and shall set forth the factual and legal basis for the award.

Miscellaneous. All statutes of limitation applicable to any Dispute shall apply to any proceeding in accordance with this arbitration clause. The Parties agree, to the maximum extent practicable, to take any action necessary to conclude an arbitration hereunder within 180 days of the filing of a Dispute with the Administrator. The arbitrator(s) shall be empowered to impose sanctions for any Party's failure to proceed within the times established herein. Arbitrations shall be conducted in the state of the applicable substantive law designated in the Documents. The provisions of this Arbitration Program shall survive any termination, amendment, or expiration hereof or of the Documents unless the parties otherwise expressly agree in writing. Each Party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the Parties or as required by applicable law or regulation. If any provision of this Arbitration Program is declared invalid by any court, the remaining provisions shall not be affected thereby and shall remain fully enforceable.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s) including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (LENDER) 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 US TO BE ENFORCEABLE.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE AGREEMENT.

BORROWER:

BARRETT BUSINESS SERVICES, INC.

/s/ Michael D.Mulholland
Authorized Officer
Vice President-Finance

EXHIBIT 11

BARRETT BUSINESS SERVICES, INC.
STATEMENT OF CALCULATION OF AVERAGE
COMMON SHARES OUTSTANDING

	Three Months Ended June 30, 1996
Primary Earnings Per Share:	
Weighted average number of shares	6,739,075
Stock option plan shares to be issued at prices ranging from $3.50 to $18.6875 per share	515,635
Warrant issues at a price of $4.20 per share	90,000
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	(367,115)
Total Primary Shares	6,977,595
Fully Diluted Earnings Per Share:	
Weighted average number of shares	6,739,075
Stock option plan shares to be issued at prices ranging from $3.50 to $18.6875 per share	515,635
Warrant issues at a price of $4.20 per share	90,000
Less: Assumed purchase at the higher of ending or 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	(356,085)
Total Diluted Shares	6,988,625

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