

HOUSE BILL REPORT

SSB 6328

*As Reported By House Committee on:
Higher Education*

Title: An act relating to higher education purchasing.

Brief Description: Changing bid procedures for public institutions of higher education.

Sponsor(s): By Senate Committee on Higher Education (originally sponsored by Senators Rinehart and Saling).

Brief History:

Reported by House Committee on:
Higher Education, February 24, 1992, DP.

**HOUSE COMMITTEE ON
HIGHER EDUCATION**

Majority Report: *Do pass.* Signed by 10 members: Representatives Jacobsen, Chair; Ogden, Vice Chair; Wood, Ranking Minority Member; May, Assistant Ranking Minority Member; Dellwo; Fraser; Ludwig; Sheldon; Spanel; and Van Luven.

Staff: Marilee Scarbrough (786-7196).

Background: Currently, the purchase of goods and services by the state, including educational institutions, must be based on competitive bids in a formal sealed bid process. The sealed bid process requires giving notice to an approved list of suppliers with appropriate response times.

There are six statutory exceptions to the sealed bid requirement. Sealed bidding is not necessary for: (1) emergency purchases if sealed bidding would prevent response to the emergency; (2a) purchases below \$5,000, a limit which may be adjusted to maintain full disclosure of competitive procurement, (2b) quotations from \$400 to \$5,000 may be obtained orally or in writing, and (2c) purchases from zero to \$400 made without competitive bids may be increased to \$800; (3) purchases that are limited to a single source and purchases involving special facilities, services or market conditions; (4) purchases of insurance and bonds by the Risk Management Office; (5) purchases and contracts for Department of Social and Health Services vocational rehabilitation clients; and (6) purchases for medical

equipment made by contract with a cooperative hospital service organization.

The \$5,000 limit must be adjusted, by the Office of Financial Management, for inflation on July 1 of each odd-numbered year. The last mandatory adjustment was July 1, 1991, and this adjustment effectively raised the actual bid limit for the sealed bid process to \$6,000.

Summary of Bill: Sealed bidding is not necessary for purchases by institutions of higher education, if the purchase is less than \$15,000 and funded by research grant, contract funds, or other non-state appropriated funds. Purchases between \$2,500 and \$15,000 should be secured from enough vendors to insure competitive prices. Quotation may be by telephone or in writing. A record of competition for all bids between \$2,500 and \$15,000 shall be documented for audit purposes.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This legislation will allow efficiency in the research process. The current sealed bid procedure slows down the research process. Many grant funds operate within a time line. The sealed bid process does not allow efficient use of research grant and contract funds.

Testimony Against: None.

Witnesses: Senator Rinehart, prime sponsor; Sue Durrant, WSU faculty; Janice Miller, WSU faculty; and John Pettit, Assistant Vice President for Business and Personnel Services, University of Washington (all pro).