

FINAL BILL REPORT

SSB 6328

C 85 L 92

SYNOPSIS AS ENACTED

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

SPONSORS: Senate Committee on Higher Education (originally sponsored by Senators Rinehart and Saling)

SENATE COMMITTEE ON HIGHER EDUCATION

HOUSE COMMITTEE ON HIGHER EDUCATION

BACKGROUND:

Insofar as practicable, the purchase of goods and services by the state must be based on competitive bids in a formal sealed bid procedure. The exceptions to this requirement include purchases not exceeding \$5,000. Purchases over \$400 and under \$5,001 may be made without utilizing the sealed bid process, but the buyer must obtain quotations by telephone or in writing to assure a competitive price. Purchases up to \$400 may be made directly without any competitive bids. To adjust for inflation, the \$400 limit may be raised, in increments, up to a maximum of \$800 on approval of ten of the 12 members of the State Supply Management Advisory Board.

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

The sealed bid process requires giving notice to an approved list of suppliers with appropriate response time. It is believed that this process is not always cost effective for purchasers making frequent buys in the \$6,000 to \$15,000 range, especially institutions of higher education which use grant and contract funds for a significant amount of these purchases.

It is also believed that raising the limit on direct buys without any competitive solicitations from \$800 to \$2,500 for those institutions of higher education using nonstate funds for the purchases would increase cost effectiveness.

SUMMARY:

Formal sealed bidding is not necessary for purchases not exceeding \$15,000 by state institutions of higher education if

the funding for the purchases is from research grant or contract funds, or other nonstate appropriated funds.

Competitive bids need not be obtained for purchases up to \$2,500 by state institutions of higher education if the funding for the purchases is from research grant or contract funds, or other nonstate appropriated funds.

A record of competition for all such purchases made between the amounts of \$2,500 and \$15,000 are to be documented for audit purposes on a standard state form approved by the forms management center.

VOTES ON FINAL PASSAGE:

Senate	45	0
House	96	0

EFFECTIVE: June 11, 1992