

HOUSE BILL REPORT

HB 1404

As Reported By House Committee On:
State Government

Title: An act relating to personal service contracts.

Brief Description: Regulating personal service contracts.

Sponsors: Representatives Ogden, Silver, Chandler, Sommers, Fuhrman, Locke, Valle, Ballasiotes, Jones, Roland, Brough, Long, Foreman, Ballard, Wood, Miller, Forner, Tate, Schoesler, Reams, Morton and J. Kohl; by request of Legislative Budget Committee.

Brief History:

Reported by House Committee on:
State Government, March 2, 1993, DP.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 9 members: Representatives Anderson, Chair; Veloria, Vice Chair; Reams, Ranking Minority Member; Vance, Assistant Ranking Minority Member; Campbell; Conway; Dyer; King; and Pruitt.

Staff: Bonnie Austin (786-7135).

Background: State agencies are authorized to enter into personal service contracts with consultants to accomplish specific projects, studies, or tasks. A documented, formal competitive solicitation process must be used for most personal service contracts. However, contract amendments are specifically excluded from the competitive solicitation requirement. Additionally, subcontracts to personal service contracts are not regulated under the state's personal service contract procurement law.

Legislative Budget Committee (LBC) reviews have uncovered abuse of the contract amendment exemption. For instance, in one case a state entity entered into a competitively bid legal services contract for \$70,000 for venture capital advice. The state entity later expanded the contract to \$4 million for general legal services without competitive bidding. Additionally, in the same case the LBC documented the use of subcontracting costs exceeding \$3 million that were not competitively bid.

Summary of Bill: Substantial changes in the scope of work specified in either the formal solicitation document or the contract must generally be awarded as new contracts. Personal service contract amendments that exceed 50 percent of the original contract amount must be submitted to the Office of Financial Management (OFM) and the LBC. OFM must approve contract amendments prior to implementation. The amendments must be filed with OFM and made available for public inspection at least 10 working days prior to the proposed starting date of services.

Subcontracts to personal service contracts must be competitively solicited. If subcontracts and subcontractors are specified in the contractor's response to a competitive solicitation, then the competitive solicitation requirement is met. If not, then subcontracts must be obtained using a documented formal competitive solicitation process and selection of subcontractors is subject to prior agency approval.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Witnesses: None.