

**FINAL BILL REPORT**

**SB 5375**

**C 433 L 93**

**SYNOPSIS AS ENACTED**

**Brief Description:** Regulating personal service contracts.

**SPONSORS:** Senators Bauer, Wojahn, Barr, Oke, Rinehart, von Reichbauer and Winsley; by request of Legislative Budget Committee

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**HOUSE COMMITTEE ON STATE GOVERNMENT**

**BACKGROUND:**

Personal services contracts for state agencies must be awarded on a competitive basis. Contracts for more than \$2,500, or which involve a sole source contractor, an emergency, or expert witnesses, must be filed with the Office of Financial Management (OFM) and the Legislative Budget Committee (LBC). Filing is not required for competitively bid contracts. Advance approval by OFM is required for sole source contracts for more than \$10,000, or when a single contract exceeds \$10,000.

The current process does not require disclosure and competition for subcontractors or major contract amendments.

**SUMMARY:**

Legislative intent is expanded to include open competition for subcontracts to personal service contracts. Subcontract is defined to mean a contract assigning some of the work of a contract to a third party.

Substantial changes in the scope of work in the contract or formal solicitation document must be awarded as new contracts, must be submitted to OFM and LBC, and are subject to approval by OFM.

If the value of an amendment or amendments to a contract exceeds 50 percent of the original value, such amendments must be submitted to OFM and LBC. OFM must approve amendments submitted to it before services may be performed. Amendments submitted must be made available for public inspection at least 10 working days before the start date of service. Criteria for approval of amendments are established by OFM.

If a contractor's response to a competitive solicitation specifies subcontracts and subcontractors, the process becomes a competitive solicitation. If subcontracts are authorized but the subcontractors are not identified in the contractor's

response, the subcontracts must comply with the competitive solicitation process and selection of subcontractors is subject to prior agency approval.

For participating in personal service contracts, additional elements require that: (1) On sole source contracts funded by the state at more than \$10,000, the agency must document that it attempted to identify potential consultants through newspaper advertising; (2) agencies must ensure that cost, fees or negotiated rates on state-funded sole source contracts are reasonable; (3) personal service contracts may be procured only if the service is critical to statutory responsibilities of the agency, current staffing or expertise is insufficient, and other qualified public sources are not available; (4) competitively solicited contracts must be filed with OFM and LBC, and OFM must approve such contracts if they are for management consulting, organizational development, marketing, communications, training, or recruiting services; (5) OFM must make a detailed list of all personal service contracts available to the public; and (6) architectural and engineering contracts must also be filed with OFM on a quarterly basis.

**VOTES ON FINAL PASSAGE:**

Senate	48	0	
House	98	0	(House amended)
Senate			(Senate refused to concur)
House			(House refused to recede)

Conference Committee

House	98	0
Senate	47	0

**EFFECTIVE:** July 25, 1993