

FINAL BILL REPORT

SHB 1193

C 101 L 98

Synopsis as Enacted

Brief Description: Controlling personal service contracts.

Sponsors: By House Committee on Government Administration (originally sponsored by Representatives D. Schmidt, Dunn, L. Thomas, Wolfe, Scott and Wensman).

House Committee on Government Administration
Senate Committee on Government Operations

Background: State agencies are authorized to enter into personal services contracts. A personal services contract is an agreement with a consultant to provide professional or technical expertise to accomplish a specific study, project, task, or other work. An agency may only enter into a personal services contract to resolve a particular agency problem or to expedite a specific temporary project. The agency must demonstrate that the service is critical to agency responsibilities or is mandated or authorized by the Legislature, that sufficient staffing or expertise is not available within the agency to perform the service, and that other qualified public resources are not available to perform the service.

Personal service contracts generally must go through a competitive solicitation process unless it is an emergency contract, a sole source contract, a contract amendment, or a contract of less than \$10,000. A personal service contract with a value of at least \$2,500, but less than \$10,000, must have documented evidence of competition. The Office of Financial Management (OFM) must approve any state-funded sole source personal service contract of \$10,000 or more. The dollar thresholds for competitive solicitation have not been adjusted for many years.

The competitive solicitation process requires an agency to conduct a documented formal process providing an equal and open opportunity for qualified parties to participate. The selection criteria must include factors such as the consultant's fees, ability, capacity, experience, reputation, responsiveness to time limitations and solicitation requirements, quality of previous performance, and compliance with laws relating to contracts or services. If a personal services contract is subject to competitive solicitation, any subcontract of that contract is also subject to competitive solicitation requirements.

Copies of personal service contracts that are subject to competitive solicitation and are state-funded, or that are sole source and are state-funded, or that have a substantial amendment made to them, or that are an emergency, must be filed with the OFM and

the Joint Legislative Audit and Review Committee (JLARC). The contract must be made available for public inspection at least 10 days before the starting date of the contract.

Summary: The threshold amount for a personal services contract to be subject to competitive solicitation requirements is raised from \$10,000 to \$20,000. Contracts with a value of at least \$5,000, but less than \$20,000 must have documented evidence of competition. The OFM must approve any sole source contract of \$20,000 or more. References to "state-funded" contracts are deleted.

At the beginning of each biennium, the director of the OFM may adjust the dollar thresholds for personal service contracts by an amount not to exceed the percentage increase in the implicit price deflator. The adjusted dollar thresholds must be rounded to the nearest \$500 increment.

The provisions are repealed that required a subcontractor to comply with competitive solicitation requirements if the underlying personal services contract was subject to competitive solicitation.

The JLARC no longer receives copies of personal service contracts. Personal service contracts awarded by institutions of higher education from non-state funds do not have to be filed in advance with the OFM. These contracts are subject to all other provisions of law.

The requirement of at least 10 days of availability for public inspection before a contract may start, applies only if the contract relates to management consulting, organizational development, marketing, communications, employee training, or employee recruiting.

Votes on Final Passage:

House 95 0
Senate 39 0 (Senate amended)
House 95 0 (House concurred)

Effective: June 11, 1998