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**State Government & Tribal Affairs  
Committee**

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**SSB 5519**

**Brief Description:** Changing public contracting authority.

**Sponsors:** Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Tom, Hill, Kilmer and Shin).

**Brief Summary of Substitute Bill**

- Increases the competitive bid dollar threshold to \$100,000 for purchases and personal services contracts for institutions of higher education.
- Exempts institutions of higher education from personal services contract rules for contracts to a single entity within a fiscal year on contracts of \$100,000 or less.
- Exempts institutions of higher education from the requirements of purchasing goods and services from class II inmate work programs.

**Hearing Date:** 3/24/11

**Staff:** Marsha Reilly (786-7135).

**Background:**

Purchasing.

The Department of General Administration (GA) sets the policy for state purchasing and bidding procedures. Any purchase exceeding \$35,000 requires a formal, sealed bid process. Purchases between \$3,000 and \$35,000 require quotations from at least three vendors to ensure a competitive price. At least one quotation each must be obtained from a certified minority and a certified woman-owned vendor. Purchases up to \$3,000 may be made without competitive bid. The dollar limits defining competitive bids must be adjusted for inflation on July 1 of each odd numbered year.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

State agencies, the legislature, and departments are required to purchase goods and services produced or provided in whole or in part from class II inmate work programs operated by the Department of Corrections through state contract, unless specifically exempted by the GA.

#### Personal Services Contracts.

The Office of Financial Management (OFM) has oversight of personal services contracts and sets the policy for competitive solicitation and awarding of such contracts. All personal services contracts require competitive solicitation except for emergency contracts, sole source contracts, contract amendments, and contracts of less than \$20,000. Contracts valued between \$5,000 and \$20,000 must provide evidence of competition, which includes posting the contract opportunity on the state's common vendor registration and bid notification system.

The OFM is authorized to exempt contracts from the competitive solicitation process and approve sole source contracts. Documented justification must be provided to the OFM, which includes evidence that the agency posted the contract opportunity on the state's common vendor registration and bid notification system and advertising through statewide or regional newspapers.

Contracts totaling less than \$5,000 to a single contractor from an agency within a fiscal year are exempt from the personal services contract rules.

#### **Summary of Bill:**

##### Purchasing.

Institutions of higher education may make purchases of up to \$100,000 without a formal, sealed bid process, and the requirement for quotations apply to purchases between \$20,000 and \$100,000. Institutions of higher education are exempted from the requirement to purchase goods and services from class II inmate work programs.

The requirement to adjust the dollar thresholds for purchases for inflation every two years is removed.

##### Personal Services Contracts.

The dollar threshold requiring competitive solicitation for a personal services contract for institutions of higher education is increased to \$100,000. Documented evidence of competition is no longer required for contracts of \$20,000 or less, except that institutions of higher education must provide documented evidence of competition for contracts between \$10,000 and \$100,000.

Documented justification for sole source contracts is required only for contracts over \$20,000. The dollar threshold for an exemption from the personal services contract rules is increased to \$20,000, and \$100,000 for institutions of higher education.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.