

# SENATE BILL REPORT

## SB 5519

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As of March 17, 2011

**Title:** An act relating to public contracting authority.

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

**Sponsors:** Senators Tom, Hill, Kilmer and Shin.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 2/09/11.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Staff:** Aldo Melchiori (786-7439)

**Background:** The Department of General Administration (GA) establishes overall state policy for state purchasing, as well as contracts with individuals and companies outside of state government to provide goods and services to the state. Under delegated authority, other state agencies and the institutions of higher education also contract for goods and services. The state's purchasing authority is generally organized into categories based on the type of service. Among these categories are purchased goods and services, personal services, information services, and printing services.

Insofar as practicable, all purchases and sales are based on competitive bids, and a formal sealed, electronic, or web-based bid procedure. This requirement also applies to purchases, contracts for purchases, and sales executed by agencies, including educational institutions. Currently, institutions of higher education must set a target to purchase 2 percent of their total goods and services purchased each year from inmate programs operated by the Department of Corrections.

**Summary of Bill:** The target of 2 percent of a higher education institution's total goods and services be purchased each year from inmate programs is removed. Institutions must endeavor to purchase goods and services from correctional industries based on quality, service, delivery, and value.

Various public contracting limits and procedures are modified including:

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- information, including the affidavit of wages form, regarding off-site, prefabricated items produced outside Washington for public work contracts estimated to cost over \$1 million must be submitted to the awarding agency rather than to the Department of Labor and Industries;
- personal service contracts for consultants of less than \$20,000 are exempt from competitive solicitation;
- personal service contract rules do not apply if the total value of the contracts within a fiscal year do not exceed \$20,000;
- sole source contracts for under \$20,000 no longer must include evidence that the agency posted the contract opportunity on the state's common vendor registration and bid notification system; and
- purchases and sales of materials, supplies, and equipment are generally based on competitive bids with some exceptions based on dollar limitations. The limitation thresholds must currently be adjusted every two years by the Office of Financial Management (OFM) to account for inflation. The specific periodic adjustment requirement is eliminated, so OFM may adjust the threshold amounts at any time.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This will allow institutions of higher education to save money. The University of Washington (UW) estimates a savings of over \$500,000 that could then be put into educating students. Colleges will still purchase goods from correctional industries – but based on quality and value. Raising the thresholds will allow staff to concentrate their efforts on more financially significant purchases.

CON: The statutory language was just negotiated last year and should be retained for consistency in the pilot program. Section 4 should be eliminated from the bill. Passing this bill will negate a year of negotiations. Small businesses just want a fair competitive environment, but this bill does not provide it. We need to keep Washington jobs for Washington workers. Correctional industries provides jobs and training that reduce recidivism. Section 2 is a step backward and will not speed up the process.

OTHER: The awarding agency is the entity that has the information for the form, but there are inconsistencies in the bill language. The bill does not just affect colleges. The current rules are working. The language in the bill is vague and will cause uncertainty.

**Persons Testifying:** PRO: Van Collins, Associated General Contractors; Margaret Shepherd, UW; Steve DuPont, CWU; Sherry Burkey, WWU.

CON: Lyle Morse, C.I.; Ashley Probart, Assn. of Washington Cities; Jim Jones, B&OI; Larry Royral, MRG/SW; Kerin Brockhaug, Zebra Solutions; Anna True, Lindsey Taylor, Haakenson.

OTHER: Terry Tilton, Washington State Building and Construction Trades Council; Ginger Eagle, Washington Public Ports Assn.