

# SENATE BILL REPORT

## SB 5519

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As Reported by Senate Committee On:  
Higher Education & Workforce Development, February 16, 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, 2/16/11 [DPS-WM, w/oRec].

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5519 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Tom, Chair; Shin, Vice Chair; Kastama, Kilmer and White.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Hill, Ranking Minority Member; Baumgartner, Becker and Ericksen.

**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

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goods and services purchased each year from inmate programs operated by the Department of Corrections.

**Summary of Bill (Recommended Substitute):** Various public contracting limits and procedures are modified including:

- Institutions of higher education can purchase supplies, services, and equipment outside of the regular purchasing policies and procedures if GA finds that the articles or goods supplied by inmate programs do not meet reasonable expectations or for replacement of articles or goods previously purchased from outside of the state.
- Personal service contracts for consultants of less than \$20,000 are exempt from competitive solicitation. Contracts for personal services at institutions of higher education of \$100,000 or more must go through the competitive solicitation process. Contracts for personal services at institutions of higher education between \$20,000 and \$100,000 must have documented evidence of competition.
- Personal service contract rules do not apply if the total value of the contracts within a fiscal year do not exceed \$20,000 or \$100,000 at institutions of higher education.
- 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.
- For purchases and sales at institutions of higher education under \$100,000 formal competitive bidding processes are not required, except those between \$10,000 and \$100,000 must include documentation of quotations from at least three vendors and at least one must be from a certified minority or woman-owned vendor.
- The limitation thresholds for purchases and sales of supplies, services, and equipment are currently adjusted every two years by the Office of Financial Management to account for inflation. The specific periodic adjustment requirement is eliminated, so the threshold amounts may be adjusted at any time.

**EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Substitute):** The 2 percent target for purchases from correctional industries is restored. Institutions of higher education can purchase supplies, services, and equipment outside of the regular purchasing policies and procedures regarding inmate labor if GA finds that the articles or goods do not meet reasonable expectations or for replacement of articles or goods previously purchased outside of the state. Information regarding the contracts for off-site, prefabricated, nonstandard goods continues to be submitted to the Department of Labor and Industries, instead of to the awarding agency. Contracts for personal services at institutions of higher education of \$100,000 or more must go through the competitive solicitation process. Those between \$20,000 and \$100,000 must have documented evidence of competition.

**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 on Original Bill:** 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.