

SENATE BILL REPORT

ESHB 1133

AS OF FEBRUARY 24, 1992

Brief Description: Changing review and approval of personal service contracts.

SPONSORS: House Committee on State Government (originally sponsored by Representatives Valle, Ferguson, Belcher, Bowman, Sprenkle, Brekke, Pruitt, Dellwo, Sheldon, Morris, Jones, Betrozoff and Orr).

HOUSE COMMITTEE ON STATE GOVERNMENT

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Barbara Howard (786-7410)

Hearing Dates: April 1, 1991; February 26, 1992

BACKGROUND:

State agencies may contract for professional or technical services performed by independent consultants. Normally agencies contract for personal services to address a short term need, to work on a special project, or to provide a specialized skill for which the agency is not permanently staffed.

In most cases, these contracts must be competitively bid. The requirement for competitive bidding of personal service contracts may be waived under certain circumstances. Exceptions include sole source contracts, emergency contracts and expert witness contracts.

There is no central filing requirement for competitively bid personal service contracts. Contracts for over \$2500 which are sole source, emergency, or expert witness contracts must be filed with the Office of Financial Management (OFM) and the Legislative Budget Committee (LBC) and are available for public inspection. In addition, sole source contracts for over \$10,000 must be approved in advance by OFM. OFM approval is required for a single contract or if the addition of a new contract puts the amount received from that agency over \$10,000.

For architectural and engineering services contracts, agencies must solicit statements of qualifications from such firms, select the firm deemed most highly qualified for a proposed project, and negotiate a contract at a price which is fair and reasonable. These contracts are not bid on a competitive basis, nor are they filed with any other state agency.

There are no specific provisions regarding contracts between state agencies and state legislators, or between state agencies and companies employing a state legislator.

SUMMARY:

An agency may procure personal services only if it documents that (1) the service is critical to agency responsibilities, or is mandated or authorized by the Legislature; (2) insufficient staffing or expertise is available in the agency to perform the service; and (3) other qualified public resources are not available.

The responsibilities of the Office of Financial Management (OFM) on personal service contracts are expanded as follows:

(1) OFM maintains a list of all personal service contracts by state agency during each fiscal year, including the contractor, the purpose of the contract, the cost, and whether the contract was competitively bid or awarded as sole source.

(2) OFM approves modifications to sole source contracts as well as the originals. OFM ensures that the costs negotiated are reasonable. Modifications are filed with OFM and with LBC.

(3) Competitively bid contracts for management consulting, organization development, marketing, communications, or employee training and recruiting must be filed with and approved by OFM.

(4) Architectural and engineering contracts are filed with OFM.

The filing threshold of \$2500 is removed for competitively bid, sole source, and emergency contracts. Personal service contracts between state agencies and state legislators or companies employing legislators must be personally approved in writing by the agency director or commission chair, and by the director of OFM. Each contract must be filed with the House or Senate Ethics Committee within five business days of being signed.

Appropriation: none

Revenue: none

Fiscal Note: available