

Testimony in Opposition to HB 565

February 17, 2005 hearing in House Business and Labor Committee

Presented by the Department of Administration

The Department of Administration is responsible for the purchase of all supplies and services for state government. Our experience in contracting leads us to oppose this bill. We have the following fundamental concerns with this bill.

- This bill does not consider the different types of contracts that the State enters into. The requirements of the bill could work for security guard and janitorial services contracts, however it does not work for transaction type contracts such as: pharmaceutical mail order services; third party payers like Blue Cross Blue Shield; banking services; credit card processing; procurement card services; and fueling card services.

It is impossible for the contractor in these contracts to provide the information requested in the bill.

- This bill will have a chilling effect on businesses wishing to do business with the State. This is not information we need to contract. Since all procurement documents are public documents, the public, including the competing vendors have a right to inspect this information. From experience, we know that companies will be reluctant to provide the required information, or do business with the State, since their employment information would be available to their competitors.
- The bill does not limit its application only to service contracts for which a competitive procurement process is required. The requirements would appear to apply to the purchase of any service, including airline travel, lodging, or car rental.
- The term "number of employees performing the contract" is confusing. The bill does not indicate whether the required information is to be tracked only for employees who directly perform the service work, or for the contractor's entire workforce, when any one of a number of individuals may end up performing any portion of the services. In addition, the bill does not specifically include or exclude administrative support or support staff whose work in performance of the contract is limited to billing or accounting functions, human resource management, and other indirect work that is necessary in the vendor's fulfillment of the contract. For example, which employees are reported to the State when we contract for credit card services or contract with a cell-phone company?
- The term "the hours worked to perform the contract" is confusing. The bill does not indicate how to calculate the hours worked to perform the contract when the services provided are not furnished in discrete hours of labor directly and exclusively attributable to performance of the contract with a state agency.

I would be happy to answer any questions. For more information, contact Marvin Eicholtz at 444-3119 or Sheryl Olson at 444-3315.