

UNIVERSITY SYSTEM CONTRACTING: PROVIDING JOBS, TRANSPARENCY AND ACCOUNTABILITY ACROSS THE STATE

University Contracting: an Effective, Efficient System

Since 1997, the Oregon University System has had a very effective contracting program that is separate from the state's public contracting system. This was part of legislation passed more than 15 years ago which recognized that the needs of the state's public universities – which encompass more than 50 percent of all state-owned properties – are very different than state agencies; and was done for both cost savings and efficiency purposes. **House Bill 3116 is seeking to put OUS back into the state contracting system, despite the overwhelming success and track record of the OUS contracting system.**

OUS contracting has proven to be a model of efficiency, transparency, and ease of use for thousands of contractors with whom the universities work to build, repair, and renovate classroom buildings, dorms, labs, and many other facilities on our campuses.

Costs for the State, Students and Taxpayers will Increase with HB 3116

In a time when Oregonians are asking the state to use public dollars more efficiently and to find cost savings, **HB 3116 will raise costs that are primarily borne by students, families, taxpayers, and business owners.** If HB 3116 was passed, increased costs would include:

- Training for broad sectors of OUS employees on new purchasing and contracting policies. In addition to purchasing and contracting departments, all staff with any level of purchasing authority would require training on the new purchasing rules and processes;
- Redrafting all contract templates, requiring outside expertise, including costly legal counsel;
- Procurement of new contracts to replace various ongoing contracts, including price agreements and retainer contracts, that would no longer be legally compliant. This represents a large investment by all OUS campuses and would most likely require hiring additional staff;
- Inability for OUS to use its Retainer Program for Construction Related Services, which provides an effective avenue for small businesses to get work from OUS campuses across the state. Contractors use a streamlined contracting process specifically built for capital projects, **saving time and money for everyone, including the state.** The Retainer Program application process is continuous throughout the term of the contract and easy to navigate—over 98% of appropriately licensed contractors and professional consultants who submit proposals are accepted each cycle. Contractors appreciate the expediency of the OUS retainer process that minimizes duplicative “paperwork” and administrative processes, thereby lowering costs, saving time, expediting the work, and increasing contracting opportunities; and
- Having to develop and implement a marketing plan to communicate changes to contractors currently on the OUS retainer list, those with whom we have done business in the past, and other stakeholders.

HB 3116 is Incompatible with Legal Status of OUS

Many of the **cost savings and efficiencies achieved by the Legislature just two years ago with the passage of Senate Bill 242 – which allow the campuses to better support students and lower taxpayer costs – would be eliminated** if HB 3116 was enacted. These incompatibilities include:

- Legal: OUS is longer represented by Department of Justice for legal review of contracts, and its independent legal staffs have developed new language and review processes that minimize inefficiencies. HB 3116 does not accommodate these processes and is not drafted to reflect the

separate legal status, including only allowing exemptions to procure legal services to be held by the Attorney General.

- Risk: OUS is not insured under the state self insurance fund. A major benefit associated with moving to a market based insurance program is the flexibility to make internal risk assessments specific to higher education, which would be minimized by more restrictive contracting rules.

Using the state contracting rules would be cumbersome, costly, and uniquely burdensome to OUS, also slowing down contract completion and **reducing the opportunities for more Oregonians to get jobs** in a time when employment is greatly needed in Oregon.

Maintaining Campus Facilities is Unique and Specialized

Unlike most state properties, **OUS campuses operate a diverse set of services**, educating, housing, feeding and protecting students, faculty, staff and visitors, in many cases 24/7. This includes building and maintaining power plants, broad infrastructure (electrical, HVAC, technology, etc.), computer systems, public safety facilities, libraries, food service, parking structures, libraries, museums, sophisticated labs, classrooms, research facilities, and many other buildings and structures that make university needs very different than those of state agencies.

OUS has over 50% of the state's buildings on its campuses, and many of the OUS facilities serve as the primary residence for thousands of students across the system, which now enrolls over 100,000 students. The varied uses of OUS facilities, including as residences and high tech classrooms and laboratories, demand extensive, constant, and emergent maintenance, which the OUS capital construction contracting rules are specifically drafted to accommodate. When emergencies arise on campus, such as recent examples of floods, fires, and major electrical failures, OUS can quickly respond by engaging contractors and professional consultants in the Retainer Program.

OUS Contracting Responsive to Minority and Small Businesses Statewide

The OUS has developed efficient, unique and flexible programs and policies that reflect the changing dynamics of the minority-owned, women-owned, and small business community (MWESB). Should HB 3116 be enacted, OUS would no longer have the ability to adopt these policies and use these contracting methods that have proven successful and popular with businesses looking to break into the public contracting sector.

OUS undertakes **extensive outreach to women, minorities and emerging small businesses**, including collaboration with the Governor's Office for Economic and Business Equity. In 2012, OUS received the **MWESB Public Agency of the Year Award by the Oregon Association of Minority Entrepreneurs** for *"promoting Oregon minority businesses, and helping to promote entrepreneurship and economic development for ethnic minorities, thereby reducing racism and discrimination."* Many of the initiatives which have put OUS at the forefront of MWESB participation in the Oregon business community are directly related to the unique elements of the OUS contracting rules.