



15.00

Personal Service Contract Restrictions

On February 18, 2009, the Governor signed Engrossed Substitute Senate Bill 5460. This bill immediately restricts personal service contracts through June 30, 2009.

15.00.05

February 18, 2009

Who must comply with these contract restrictions?

All executive, legislative, or judicial branch agencies must comply with the policies in this section.

15.00.10

February 18, 2009

Personal service contracts restricted

Agencies shall not enter into any contract or other agreement for the acquisition of personal services that is not related to an emergency or other catastrophic event that requires government action to protect life or public safety. Exceptions may be granted as set forth in Subsection 15.00.20.

The personal service contracts restriction does not apply to contracts:

- related to an emergency or other catastrophic event that requires government action to protect life or public safety (Note: This definition of emergency is more limited than the definition used in RCW 39.29.006(5) and Subsection 15.30.40.);
- funded exclusively from private or federal grants;
- related to tax and fee collection, revenue generation, and audit activities;
- necessary to receive or maintain federal funds by the state;
- for institutions of higher education, not funded from state funds or tuition; or
- for the unemployment insurance program of the Employment Security Department.

15.00.20

February 18, 2009

Exceptions to restrictions

Exceptions to the personal service contract restrictions may be granted for **critically necessary work** subject to the approval of the Director of the Office of Financial Management for executive branch agencies, the Chief Justice of the Supreme Court for judicial branch agencies, the Chief Clerk of the House of Representatives and/or the Secretary of the Senate for legislative agencies. Approved exceptions to the personal service contract restrictions take effect five business days following notification of the appropriate legislative committees.

15.00.30

February 18, 2009

Filing contracts and requesting exemptions for personal service contracts

Filing. Filing of competitive, sole source and emergency contracts continues to be required per Section 15.30. Now, however, each filing must also include, as part of its justification, thorough explanation about how the contract or amendment fits one of the exception categories in Subsection 15.00.10.

If the contract or amendment does not fit one of the exception categories but the agency determines the services are “critically necessary,” the agency must request an exemption as part of the filing justification. The additional steps added to the filing process are as follows:

- Request an exemption as part of the filing justification. The request must clearly and thoroughly explain why the services are “critically necessary.”
- The OFM Director reviews and approves or disapproves the agency request for exemption.
- If approved, OFM provides notification to the appropriate legislative committees and to the agency or institution of higher education.
- If disapproved, OFM provides notification to the agency or institution of higher education.

Start Date. If a request for exemption for a contract is approved by OFM, work may not begin until five business days following notification to the House and Senate, Ways and Means Committees. This may extend the date when contract work can begin. OFM will change the start date on any filing submitted with an exemption request that has been approved to reflect the five-business working day notification to the Legislature. Agencies will receive notification through the Personal Service Contract Database (PSCD) when OFM processes the filing.

15.00.40

February 18, 2009

Additional requirements for contracts not subject to filing with OFM

15.00.40.a

Through June 30, 2009, additional requirements apply to the following types of contracts/amendments that have been exempt from OFM oversight:

- Personal service contracts under \$5,000;
- Personal service contracts that have traditionally been reported to OFM, such as competitive contracts \$5,000 to \$19,999;

- Second-tier work requests under master contracts;
- For **institutions of higher education**, the following additional categories subject to reporting apply:
 - Competitive personal service contracts and amendments in the amount of \$20,000 or more, which are funded by dollars other than state funds, or that include less than \$20,000 in state funds.
 - Sole source contracts and amendments in the amount of \$5,000 or more, which are funded by dollars other than state funds, or that include less than \$5,000 in state funds.
 - Emergency contracts of \$5,000 or more, which are funded by dollars other than state funds, or that include less than \$5,000 in state funds.

15.00.40.b **Requirements when Restrictions not Applicable.** If a contract/ amendment listed in Subsection 15.00.40.a clearly falls into one of the categories listed in Subsection 15.00.10, the agency must document in the file which category applies and include any relevant explanation. No further action is required, unless the contract is subject to reporting to OFM. Reporting should be done, as usual, through PSCD.

15.00.40.c **Requirements when Requesting an Exemption.** If the contract/ amendment listed in Subsection 15.00.40.a does not fall into one of the categories listed in Subsection 15.00.10, the following process applies:

- Request a critically necessary work exception by completing the [Personal Service Contract Freeze Exemption Request Form](#) with complete and thorough information.
- Email the form to ofm.contracting@ofm.wa.gov.
- The OFM Director reviews and approves or disapproves the exemption request.
- If approved, OFM will notify the appropriate legislative committees and the form will be returned as approved with the appropriate start date of the contract. The start date will be no earlier than five business days following notification to the appropriate legislative committees.
- If disapproved, OFM provides notification to the agency or institution of higher education and the form is returned as denied.
- Report as usual through PSCD, if required.

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