

TESTIMONY OF  
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BUREAU OF GENERAL SERVICES  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Before the Joint Standing Committee on State and Local Government

Hearing Date: April 15, 2015, Cross Building Room 214

**LD 1166 – An Act To Protect Taxpayers by Regulating Personal Services**

**Contracts**

Senator Whittemore, Representative Martin, and Members of the Joint Standing Committee on State and Local Government, I am Kevin Scheirer, Operations Director of the Division of Purchases, Bureau of General Services, Department of Administrative and Financial Services. I am here today to testify against LD 1166 – An Act To Protect Taxpayers by Regulating Personal Services Contracts.

The Division of Purchases is the central procurement authority for all State of Maine Executive Branch agencies, and administers the procurement of goods and services as defined in Title 5, Chapter 155, §1812. The Division processes and reviews in detail all documents relating to the procurement process. In FY14, the Division reviewed approximately 5,300 service contracts and amendments.

The apparent goal of LD 1166 is to make public any cost savings information obtained through the competitive bidding process and subsequent renewals. While this goal is admirable, the effort to obtain this information during the award process and for contract renewals will be considerable. Division staff review competitively awarded service contracts to ensure compliance with standard terms and conditions, to verify administrative details such as dates and dollar amounts, and to determine available contract renewals. If this bill were to be enacted, we would be required to dedicate resources for the collection and verification of savings information. State agencies who create the contracts we review would also be required to dedicate additional resources to compensate for the time and effort to collect the information.

With the above mentioned effort in mind, this bill appears to assume that every Request for Proposals (RFP) contains essentially the same scope of services as the contract it seeks to replace with a newly awarded contract. In short, it is not always an “apples to apples” comparison. In reality, the scope of services in an RFP may be – and often is - quite different in that it requires new functions or performance metrics in the resulting contract. Services are continually changing, and the first renewal of a competitively awarded contract may have significant changes relative to the initial competitive award. Calculating savings may not be possible for many contracts, and this bill notes that savings calculations will need to be adjusted for inflation. The inherent expectation is that State agencies will know what the inflation rate is for their particular services. This information is not always readily available.

Furthermore, subsequent competitions may have a different mix of bidders than the initial competition. All other things being equal, the ultimate contracted price for the subsequent competitive award may

reflect a cost increase or decrease simply because bidders have evaluated their own costs differently, and adjusted their bids accordingly.

The scope of this bill is far reaching, and the result of enacting it will likely have many unintended consequences, not the least of which would be the requirement for additional resources to comply with the resulting rules.

Thank you for the opportunity to speak to you today. I am happy to answer any questions you may have.