



# Senate

General Assembly

**File No. 311**

*January Session, 2007*

Substitute Senate Bill No. 1181

*Senate, April 4, 2007*

The Committee on Government Administration and Elections reported through SEN. SLOSSBERG of the 14th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING PERSONAL SERVICE AGREEMENTS AND PURCHASE OF SERVICE CONTRACTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-212 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 As used in sections 4-212 to 4-219, inclusive:

4 (1) "Competitive negotiation" means a procedure for contracting for  
5 services in which (A) proposals are solicited from qualified persons,  
6 firms or corporations by a request for proposals, and (B) changes may  
7 be negotiated in proposals and prices after being submitted.

8 (2) "Personal service contractor" means any person, firm or  
9 corporation not employed by the state, who is hired by a state agency  
10 for a fee to provide services to the agency. The term "personal service  
11 contractor" shall not include (A) a person, firm or corporation  
12 providing "contractual services", as defined in section 4a-50, to the

13 state, (B) a "consultant", as defined in section 4b-55, (C) a "consultant",  
14 as defined in section 13b-20b, providing services to the Department of  
15 Transportation, (D) an agency of the federal government, of the state  
16 or of a political subdivision of the state, or (E) a person, firm or  
17 corporation providing consultant services for information and  
18 telecommunications systems authorized under subdivision (5) of  
19 subsection (c) of section 4d-2.

20 (3) "Personal service agreement" means a written agreement  
21 defining the services or end product to be delivered by a personal  
22 service contractor to a state agency, excluding any agreement with a  
23 personal service contractor that the state accounting manual does not  
24 require to be submitted to the Comptroller.

25 (4) "Secretary" means the Secretary of the Office of Policy and  
26 Management.

27 (5) "State agency" means a department, board, council, commission,  
28 institution or other executive branch agency [of the Executive  
29 Department] of the state government.

30 Sec. 2. Section 4-214 of the general statutes is repealed and the  
31 following is substituted in lieu thereof (*Effective July 1, 2007*):

32 (a) Each personal service agreement executed on or after July 1,  
33 1994, and having a cost of not more than twenty thousand dollars and  
34 a term of not more than one year shall be based, when possible, on  
35 competitive negotiation or competitive quotations.

36 (b) Not later than [thirty days after the end of each six-month  
37 period, beginning with the six-month period ending on December 31,  
38 1994, each state agency shall submit a report to] October 1, 2007, and  
39 annually thereafter, the secretary shall submit a report to the General  
40 Assembly indicating (1) for each personal service agreement described  
41 in subsection (a) of this section that [is] was executed by a state agency  
42 during the [six-month period] preceding fiscal year, the name of the  
43 personal service contractor, a description of the services [to be]

44 provided, the term and cost of the agreement and the method of  
45 selecting the contractor, and (2) for each personal service agreement  
46 described in said subsection (a) that [is] was in effect during the [six-  
47 month period] preceding fiscal year, the amount of all payments made  
48 during [the six-month period] such fiscal year to the contractor, by  
49 fund, and the amount of any federal or private funds allocated for such  
50 payments.

51 Sec. 3. Subsection (b) of section 4-215 of the general statutes is  
52 repealed and the following is substituted in lieu thereof (*Effective July*  
53 *1, 2007*):

54 [(b) Each state agency shall submit the following information to the  
55 secretary concerning each proposed personal service agreement  
56 described in subsection (a) of this section, at the same time that it  
57 submits the agreement to the Commissioner of Administrative  
58 Services or the Attorney General: The name of the personal service  
59 contractor, a description of the services to be provided, the term and  
60 cost of the agreement, the method of selecting the contractor, the state  
61 fund from which the contractor will be paid and whether any federal  
62 or private funds will be allocated for such payments.]

63 (b) Not later than October 1, 2007, and annually thereafter, the  
64 secretary shall submit a report to the General Assembly indicating (1)  
65 for each personal service agreement described in subsection (a) of this  
66 section that was executed by a state agency during the preceding fiscal  
67 year, the name of the personal service contractor, a description of the  
68 services provided, the term and cost of the agreement and the method  
69 of selecting the contractor, and (2) for each personal service agreement  
70 described in said subsection (a) that was in effect during the preceding  
71 fiscal year, the amount of all payments made during such fiscal year to  
72 the contractor, by fund, and the amount of any federal or private funds  
73 allocated for such payments.

74 Sec. 4. Section 4-218 of the general statutes is repealed and the  
75 following is substituted in lieu thereof (*Effective July 1, 2007*):

76 (a) Not later than [thirty days after the end of each six-month  
77 period, beginning with the six-month period ending on December 31,  
78 1994, each contracting agency shall submit a report to] October 1, 2007,  
79 and annually thereafter, the secretary shall submit a report to the  
80 General Assembly indicating (1) for each personal service agreement  
81 executed by a state agency during [such six-month period] the  
82 preceding fiscal year with a person, firm or corporation providing  
83 "contractual services", as defined in section 4a-50, to the state, a  
84 "consultant", as defined in section 4b-55, or an agency of the federal  
85 government, of the state or of a political subdivision of the state, (A)  
86 the name of the person, firm or corporation, (B) a description of the  
87 services [to be] provided, (C) the term and cost of the agreement, and  
88 (D) the method of selecting the person, firm or corporation, and (2) for  
89 each such agreement either executed or otherwise in effect during the  
90 [six-month period] preceding fiscal year, (A) the amount of all  
91 payments made during [the six-month period] such preceding fiscal  
92 year to the person, firm or corporation, by fund, and (B) the amount of  
93 any federal or private funds allocated for such payments. No state  
94 agency utilizing contractual services hired by using a purchase order  
95 approved and committed by the State Comptroller shall be required to  
96 submit a report to the secretary.

97 (b) Not later than thirty days after the end of each [six-month]  
98 twelve-month period, beginning with the [six-month] twelve-month  
99 period ending on [December 31, 1995] June 30, 2007, the Department of  
100 Transportation shall submit a report to the secretary indicating (1) for  
101 each agreement executed during such [six-month] twelve-month  
102 period with a "consultant", as defined in section 13b-20b, or an agency  
103 of the federal government, of the state or of a political subdivision of  
104 the state, (A) the name of the person, firm or corporation, (B) a  
105 description of the services to be provided, (C) the term and cost of the  
106 agreement, and (D) the method of selecting the person, firm or  
107 corporation, and (2) for each such agreement either executed or  
108 otherwise in effect during the [six-month] twelve-month period, (A)  
109 the amount of all payments made during the [six-month] twelve-  
110 month period to the person, firm or corporation, by fund, and (B) the

111 amount of any federal or private funds allocated for such payments.

112 (c) Not later than [September 1, 1995] October 1, 2007, and annually  
113 thereafter, the secretary shall submit a report to the General Assembly  
114 summarizing information received pursuant to subsection (b) of this  
115 section [4-214, subsection (b) of section 4-215, subsection (a) of section  
116 4-216, and subsections (a) and (b) of section 4-218] for the preceding  
117 fiscal year.

118 Sec. 5. Section 4-70b of the general statutes is repealed and the  
119 following is substituted in lieu thereof (*Effective October 1, 2007*):

120 (a) The Secretary of the Office of Policy and Management shall  
121 establish an Office of Finance under the direction of an executive  
122 financial officer. The secretary shall assist the Governor in his duties  
123 respecting the formulation of the budget and the correlating and  
124 revising of estimates and requests for appropriations of all budgeted  
125 agencies and shall also assist the Governor in his duties respecting the  
126 investigation, supervision and coordination of the expenditures and  
127 other fiscal operations of such budgeted agencies.

128 (b) Said secretary shall direct internal management consultant  
129 services to state agencies in such areas as administrative management,  
130 facility planning and review, management systems and program  
131 evaluation and such other special studies and analyses as he deems  
132 necessary.

133 [(c)The secretary shall establish uniform policies and procedures for  
134 obtaining, managing and evaluating the quality and cost effectiveness  
135 of human services purchased from private providers. The secretary  
136 shall ensure all state agencies which purchase human services comply  
137 with such policies and procedures. The secretary shall report to the  
138 General Assembly on or before January 1, 1994, and biennially  
139 thereafter, on the system for the purchase of such services in the state.  
140 The report shall include an analysis of (1) the relationship between the  
141 number of providers of a particular service in a region and the cost of  
142 the service and (2) the impact of the state's policies and procedures for

143 the purchase of human services on the cost of purchasing such  
144 services.]

145 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) For purposes of this section:

146 (1) "Purchase of service contract" means a contract between a state  
147 agency and a private provider organization or municipality for the  
148 purpose of obtaining direct health and human services for agency  
149 clients;

150 (2) "Secretary" means the Secretary of the Office of Policy and  
151 Management;

152 (3) "State agency" means any department, board, council,  
153 commission, institution or other executive branch agency of state  
154 government;

155 (4) "Municipality" means a town or any other political subdivision  
156 of the state, including any local board of education or health district  
157 that is created or designated by the town to act on behalf of the town;  
158 and

159 (5) "Private provider organization" means a nonstate entity that is  
160 either a nonprofit or proprietary corporation or partnership which  
161 receives funds from the state, including state, federal or other funds, to  
162 provide direct health or human services to agency clients.

163 (b) No state agency may hire a private provider organization or  
164 municipality to provide direct health or human services to agency  
165 clients without executing a purchase of service contract with such  
166 private provider organization or municipality.

167 (c) The secretary shall establish standard policies and procedures for  
168 obtaining, managing and evaluating the quality and cost effectiveness  
169 of health and human services purchased by state agencies from private  
170 provider organizations or municipalities. Not later than January 1,  
171 2008, each state agency shall establish written procedures  
172 implementing the policies and procedures established by the secretary

173 and submit such procedures to the secretary for approval. If the  
174 secretary disapproves an agency's procedures, the secretary shall  
175 return the procedures to the agency with recommendations for  
176 revision. On and after July 1, 2008, no state agency may execute a  
177 purchase of service contract unless the secretary has approved  
178 procedures established by the agency under this section.

179 (d) The standard policies and procedures described in subsection (c)  
180 of this section shall include, but not be limited to, (1) standard  
181 purchase of service contract language, (2) cost, budgeting and  
182 reporting standards, and (3) other provisions necessary to manage the  
183 health and human services contracting process. Purchase of service  
184 contracts shall be subject to the competitive procurement provisions of  
185 sections 4-212 to 4-219, inclusive, of the general statutes, as amended  
186 by this act.

187 (e) Not later than October 1, 2007, and annually thereafter, the  
188 secretary shall report to the General Assembly on the purchase of  
189 direct health and human services in the state. Such report shall include  
190 for each purchase of service contract either executed by a state agency  
191 or otherwise in effect during the preceding fiscal year with a private  
192 provider organization or municipality providing health and human  
193 services to the state, (1) the name of the contractor, (2) a description of  
194 the services provided, (3) the term and cost of the contract, (4) the  
195 method of selecting the contractor, (5) the amount of all payments  
196 made during the preceding fiscal year to the contractor, by fund, and  
197 (6) the amount of any federal or private funds allocated for such  
198 payments.

199 (f) No purchase of service contract shall be used for the exclusive  
200 purpose of obtaining administrative or clerical services, material  
201 goods, training or consulting services. No such purchase of service  
202 contract shall be used for a contract with an individual.

This act shall take effect as follows and shall amend the following sections:

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Section 1	<i>July 1, 2007</i>	4-212
Sec. 2	<i>July 1, 2007</i>	4-214
Sec. 3	<i>July 1, 2007</i>	4-215(b)
Sec. 4	<i>July 1, 2007</i>	4-218
Sec. 5	<i>October 1, 2007</i>	4-70b
Sec. 6	<i>July 1, 2007</i>	New section

***Statement of Legislative Commissioners:***

In section 6, the effective date was changed to "July 1, 2007" for internal consistency, and in the first sentence of section 6(e), "direct health and" was added for consistency with other provisions of the section.

**GAE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Various State Agencies; Policy & Mgmt., Off.	GF - None	None	None
Department of Transportation	TF - None	None	None

Note: GF=General Fund; TF=Transportation Fund

**Municipal Impact:** None

**Explanation**

The bill is not anticipated to result in a fiscal impact to the various state agencies that enter into purchase of service (POS) contracts with private provider organizations. The bill codifies current POS contracting procedures for these agencies.

The bill results in no fiscal impact to the Office of Policy and Management and the Department of Transportation.

**The Out Years**

None

**OLR Bill Analysis**

**sSB 1181**

***AN ACT CONCERNING PERSONAL SERVICE AGREEMENTS AND PURCHASE OF SERVICE CONTRACTS.***

**SUMMARY:**

This bill specifies information that the Office of Policy and Management (OPM) secretary must include in its standard policies and procedures for obtaining, managing, and evaluating state health and human services contracts. It eliminates a requirement for the secretary to ensure that Executive Branch state agencies comply with these policies and procedures when purchasing health and human services. Instead, it requires state agencies to implement the policies and procedures, prohibits them from contracting for health and human services until they do, and subjects the contracts to existing competitive procurement procedures.

The bill prohibits state agencies from using purchase of service contracts to (1) contract with an individual or (2) solely to obtain administrative or clerical services, material goods, training, or consultant services.

Lastly, it changes the reporting requirements regarding personal service agreements (PSA), primarily by shifting the responsibility to report from state agencies to the OPM secretary and reducing the frequency of reports.

EFFECTIVE DATE: July 1, 2007, except that the provision eliminating OPM's existing duty to adopt uniform standards and file a report on the system for purchasing human services is effective on October 1, 2007.

**PURCHASE OF SERVICE CONTRACTS**

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**Standard Policies and Procedures**

The bill requires the OPM secretary, presumably before January 1, 2008, to establish standard policies and procedures for obtaining, managing, and evaluating the quality and cost effectiveness of health and human services that state agencies purchase from private providers or municipalities. The policies and procedures must include (1) standard purchase of service contract language; (2) cost, budgeting, and reporting standards; and (3) other provisions necessary to manage the health and human services contracting process.

**Agency Health and Human Services Contracts**

The bill requires state agencies to establish written policies implementing OPM's policies and procedures and submit them for the secretary's approval by January 1, 2008. If the secretary disapproves any procedures, he must return them to the appropriate agency with recommended revisions.

The bill prohibits state agencies from (1) hiring a private provider organization or municipality to provide direct health or human services to their clients without executing a purchase of service contract and (2) executing such a contract after July 1, 2008 unless the secretary has approved their procedures. Like personal service agreements, the contracts must be based on competitive negotiations or quotations.

**Report on Purchase of Service Contracts**

By October 1, 2007, and annually thereafter, the secretary must report to the General Assembly on the purchase of health and human services. For each purchase of service contract executed or otherwise in effect during the preceding fiscal year, the report must include (1) the contractor's name and method of selection; (2) a description of the services provided; (3) the terms and costs of the agreement; (4) the total amount of payments, by fund, made to each contractor during the preceding fiscal year; and (5) the amount of federal or private funds allocated for such payments.

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**PERSONAL SERVICE AGREEMENTS*****Reports from OPM Secretary***

The bill eliminates a requirement for state agencies to give the OPM secretary a report every six months on PSAs that last up to one year and cost \$50,000 or less. Instead, beginning October 1, 2007, the bill requires the secretary to submit an annual report to the General Assembly on PSAs state agencies executed during the preceding fiscal year. Under current law, these agencies submit a semiannual report on executed PSAs that cost \$20,000 or less and report on each proposed PSA that costs between \$20,000 and \$50,000.

The bill requires the secretary to include the same information as that currently reported by state agencies (i.e., the contractor's name; method of selection; a description of the services provided; the term and cost of the agreement; and, for all contracts in effect but not completed, the total amounts of payments made in the preceding year by funding source, including the amount of federal or private funds allocated for payment).

Beginning October 1, 2007, the bill also requires the secretary, instead of state agencies, to submit a report on PSAs executed during the preceding fiscal year for contractual services provided to the state, a consultant, or a government agency. The report must contain the same information that the agencies currently include in their reports (i.e., the same information stated above). The secretary must file the report annually with the General Assembly. Under current law, the agencies file the report semiannually with the OPM secretary.

The bill removes the requirement for the OPM secretary to file an annual summary of most of the PSA reports he receives. It retains the requirement for him to file a summary report of the Department of Transportation's PSAs, but changes the reporting deadline from September 1<sup>st</sup> to October 1<sup>st</sup>.

***Department of Transportation (DOT) Reports***

The bill reduces by half the number of reports DOT must submit to

OPM on each completed PSA the department had with a consultant or government agency during the preceding year. After the report due by July 31, 2007, all reports are due annually, instead of semiannually.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/19/2007)