



NEW JERSEY

Association of State Colleges and Universities

The leading voice for public higher education in New Jersey.

Fact Sheet

State College Contracts Law

- ✚ **The State College Contracts Law** is a 31-year-old law that establishes procurement and construction mandates for the seven **state** colleges and universities in New Jersey. The four **public research** universities follow less stringent and more flexible requirements. **It needs to be reformed NOW.**
 - ❖ It makes no sense to have different procurement and construction standards when all 11 senior public institutions are buying the same types of goods and services, and constructing the same types of buildings.
 - ❖ Providing the state colleges and universities (The College of New Jersey, Kean University, New Jersey City University, Ramapo College, Stockton University, Thomas Edison State University, and William Paterson University) with the same standards for procurement and construction as New Jersey Institute of Technology, Rowan University, and Montclair State University (Rutgers has its own status under the Rutgers Compact of 1956) will allow the institutions to become more cost-efficient, keep tuition affordable, and increase their influence on New Jersey's economy. What is good for the state colleges and universities is good for the students and all the residents of New Jersey.
- ✚ **The specific procurement and construction mandates that cost state colleges and universities time (hundreds of hours) and money (hundreds of millions of dollars) over the past decade – and therefore disadvantage the state colleges and universities vis a vis the public research institutions include the following categories:**
 - ❖ Construction contracts awards:
 - The state colleges and universities must select “the lowest responsible bidder whose bid, conforming to the invitation for bids, will be the most advantageous to the State college.”
 - Public research universities can award contracts based on bids that “will be most advantageous to the university, price and *other factors* considered.”
 - ❖ Partnerships that are innovative and cost-effective:
 - Public research universities are allowed to enter into, but the state colleges and universities **are prohibited** from entering:
 - Public-private partnerships;
 - Design-build contracts; and
 - Construction-manager-at-risk contracts.
 - ❖ Bid thresholds on contracts
 - The bid threshold for Rowan, Montclair State, and the state colleges and universities is currently \$33,000.
 - The bid threshold for NJIT is \$27,300

- ❖ Exceptions to public bidding:
 - Rowan, NJIT, and Montclair State follow the same rules as the state government. They have **five subject-matter exceptions** (e.g., professional services) and seven circumstances under which advertising is unnecessary (e.g., only one source of supply is available).
 - The state colleges and universities have **27 subject-matter exclusions** (e.g., professional services), and a complex multi-part analysis when the institution has not successfully advertised for bid.

- ❖ Time restrictions on contracts
 - The public research universities have no limits on the length of contracts
 - The state colleges and universities have a general limit of 36 months on contracts, with longer terms allowed for items such as utilities, information technology, insurance, banking and financial services, and motor vehicle leases (five-year maximums), and food services and management and operation of bookstores, performing arts centers, residence halls, parking facilities and building operations (up to 30 years).

- ❖ Additional “clean-up” items include:
 - Needing a waiver from public bidding for hazardous clean up. Procuring this service is time-consuming and can sometimes result in vendors without experience.
 - Expanding the “professional services” exception from public bidding to include audit services. All institutions must engage external auditors for annual audits. After the 3-year term these services must go through the RFP process again, a time-consuming, inefficient process that does not always result in an effective engagement.
 - Eliminating the following cumbersome and often prohibitively expensive requirements: the McBride Principles, AA/EEO (also requires a \$150 check to the State to obtain the required “Employee Information Certificate”), Iran Certification, Source Disclosure.

In summary, providing the state colleges and universities with the same standards for procurement and construction as NJIT, Rowan, and Montclair State (Rutgers has its own status under the Rutgers Compact of 1956) will allow the institutions to become even more nimble and cost-efficient, purchase goods and construct facilities in a timely way, meet student demand, and increase their influence on the regional economy.

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The College of New Jersey
Kean University
Montclair State University

New Jersey City University
Ramapo College of New Jersey
Rowan University

Stockton University
Thomas Edison State University
William Paterson University

For more information: call: (609) 989-1100 or email: bberreski@njascu.org / pjheresh@njascu.org