NJASCU Testimony Senate Bill No. 2617

Modernizing State College Contracts Laws

Senate Higher Education Committee

March 7, 2019

The Association of State Colleges and Universities enthusiastically supports Senate Bill 2617, which modernizes the 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 law is antiquated, restrictive and results in increased costs when the state colleges purchase goods and construct buildings.

This legislation would make the process for procurement and construction at the state colleges the same as what is used by the research universities – specifically, the New Jersey Institute of Technology, Rowan University, and Montclair State University. These institutions follow less stringent and more flexible requirements. 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. To be clear - this legislation DOES NOT eliminate the requirement for public bidding – it merely streamlines the process, thereby allowing the institutions to save time and money.

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 include the following:

- **No flexibility on construction contract 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 colleges."
  - Public research universities can award contracts based on bids that "will be most advantageous to the university, price and other factors considered."

- **Barriers to partnerships that are innovative and cost-effective**
  - Design-build contracts;
  - Construction-manager-at-risk contracts.
• **Extremely low bid threshold on contracts**
  - The bid threshold for the state colleges and universities is currently $33,000.¹

**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).

In summary, providing the state colleges and universities with the same standards for procurement and construction as the New Jersey Institute of Technology, Rowan University, and Montclair State University will allow the institutions to become even more nimble and cost-efficient, purchase goods and construct facilities in a timely way, effectively meet student demand, and increase their influence on the regional economy.

We thank Senator Cunningham for her sponsorship of this bill and for her continued support of public higher education in New Jersey.

¹ Rowan and Montclair State also have the same bid threshold and the bill would increase the threshold for these institutions as well.