

SENATE, No. 146

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senators LaROSSA and INVERSO

1 AN ACT concerning certain State contracts or agreements and
2 supplementing Title 52 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. Prior to entering into any contract or agreement in excess of
8 \$100,000 with a private for-profit business entity for the performance
9 of work usually performed by employees of a State department, the
10 department shall prepare a cost analysis of the work to be performed.
11 The cost analysis, which shall include a resource analysis of the
12 department's finances and personnel, shall determine whether it is more
13 cost effective to use employees of the private for-profit business entity
14 than to use existing or additional departmental employees to perform
15 the work required. The department shall apply that determination to
16 the contract or agreement in the form of a certification. Except as
17 provided in subsection d. of this section, no contract or agreement that
18 decreases the amount of work assigned to State employees shall be
19 entered into unless the cost analysis determines that the contract or
20 agreement will result in a cost savings to the State. For a particular
21 type of work that has not previously been performed by contract or
22 agreement, the department shall be permitted to designate a contract
23 or an agreement as a pilot project for the purpose of determining
24 whether contracting a particular type of work can result in cost
25 savings to the State.

26 b. The cost analysis required by subsection a. of this section shall
27 be filed with the Office of Management and Budget in the Department
28 of the Treasury and shall be available for inspection by the public
29 during regular business hours upon request. At the time the cost
30 analysis is filed with the Office of Management and Budget, a copy
31 thereof shall be transmitted by the department to the Senate State
32 Government Committee and the Assembly State Government
33 Committee, or the respective successor committees, and the
34 representatives of bargaining units whose employees would be affected
35 by the contract or agreement.

1 c. A representative of a bargaining unit receiving a copy of the cost
2 analysis required by subsection a. of this section shall have not less
3 than 10 nor more than 20 business days from receipt thereof to file a
4 response in writing to the department and the Office of Management
5 and Budget. The contract or agreement which is the subject of the
6 analysis may not be entered into by the department until the expiration
7 of the 20-day period or until the response is filed, whichever is first,
8 unless the provisions of subsection d. of this section shall apply
9 requiring the expiration of a 30-day period before a contract or
10 agreement may be entered into.

11 d. If the resource analysis of the department's finances and
12 personnel concludes that fiscal or other constraints, including but not
13 limited to departmental staffing levels or appropriations, prevent the
14 work required by the proposed contract or agreement from being
15 performed by existing or additional departmental employees even
16 though the cost analysis indicates that it would be more cost effective
17 to use departmental employees, the department may enter into a
18 contract with a private for-profit business entity for the performance
19 of the work. However, such a contract shall not be entered into until
20 30 business days after receipt of the copy of the cost analysis by the
21 respective Senate and Assembly State Government committees. If
22 during that time the Legislature acts to remove the constraints
23 preventing the use of departmental employees, the contract or
24 agreement shall not be entered into.

25

26 2. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill provides that prior to entering into any contract or
32 agreement in excess of \$100,000 with a private for-profit business
33 entity for the performance of work usually performed by employees of
34 a State department, the department shall prepare a cost analysis of the
35 work to be performed. The cost analysis, which shall include a
36 resource analysis of the department's finances and personnel, shall
37 determine whether it is more cost effective to use employees of the
38 private for-profit business entity than to use existing or additional
39 departmental employees to perform the work required. The
40 department shall apply that determination to the contract or agreement
41 in the form of a certification. No contract or agreement that decreases
42 the amount of work assigned to State employees shall be entered into
43 unless the cost analysis determines that the contract or agreement will
44 result in a cost savings to the State. For a particular type of work that
45 has not previously been performed by contract or agreement, the
46 department shall be permitted to designate a contract or an agreement

1 as a pilot project for the purpose of determining whether contracting
2 a particular type of work can result in cost savings to the State.

3 The cost analysis shall be filed with the Office of Management and
4 Budget in the Department of the Treasury and shall be available for
5 inspection by the public during regular business hours upon request.
6 At the time the cost analysis is filed with the Office of Management
7 and Budget, a copy thereof shall be transmitted by the department to
8 the Senate State Government Committee and the Assembly State
9 Government Committee, or the respective successor committees, and
10 the representatives of bargaining units whose employees would be
11 affected by the contract or agreement.

12 A representative of a bargaining unit receiving a copy of the cost
13 analysis shall have not less than 10 nor more than 20 business days
14 from receipt thereof to file a response in writing to the department and
15 the Office of Management and Budget. The contract or agreement
16 which is the subject of the analysis may not be entered into by the
17 department until the expiration of the 20-day period or until the
18 response is filed, whichever is first.

19 If the resource analysis of the department's finances and personnel
20 concludes that fiscal or other constraints, including but not limited to
21 departmental staffing levels or appropriations, prevent the work
22 required by the proposed contract or agreement from being performed
23 by existing or additional departmental employees even though the cost
24 analysis indicates that it would be more cost effective to use
25 departmental employees, the department may enter into a contract
26 with a private for-profit business entity for the performance of the
27 work. However, such a contract shall not be entered into until 30
28 business days after receipt of the copy of the cost analysis by the
29 respective Senate and Assembly State Government committees. If
30 during that time the Legislature acts to remove the constraints
31 preventing the use of departmental employees, the contract or
32 agreement shall not be entered into.

33

34

35

36

37 Requires a cost analysis in certain cases when a State department
38 contracts out work.