

INSTRUCTIONS

Purpose

The 2007-2009 SEIU Collective Bargaining Agreement, Article 13 – Contracting-Out, Section 1, requires a formal feasibility study before entering into a new contract or renewing an existing contract concerning work performed by bargaining unit members in the affected agency exceeds thirty thousand dollars (\$30,000) annually or when the contracting-out will displace bargaining unit members. According to Section 3, “displaced” as used in the Article means when the work an employee is performing is contracted to another entity outside state government and the employee is removed from his/her job. Feasibility studies will not be required: (1) an emergency situation exists as defined in ORS 279A.010(1)(f), and (2) either the work in question cannot be done by available bargaining unit employees or necessary equipment is not readily available.

The feasibility study serves both as notice to the union that bargaining unit work is proposed to be contracted-out, and it describes the rationale for contracting it out. Feasibility studies are not required if the work to be contracted has not historically been performed by bargaining unit employees, or if an emergency exists which affected employees customarily performing the work are unable to deal with. If the Agency uses classification(s) that meet the broad, generic nature of the work, then you should complete a feasibility study. Contact your Human Resource Office if you have any questions.

Complete the feasibility form to document and summarize the work to be contracted-out. Other formats or narratives may be used if appropriate to the work being contracted-out, provided that there is no substantive change to the information.

Required Information

SECTION 1

QUESTION A. *Have you consulted with the agency’s Human Resource Manager regarding intent to contract-out work that could potentially fall under Article 13?*

Check “Yes” or “No” to indicate if you contacted the agency’s Human Resource Office on the intent to contract-out work. If “Yes” is checked; identify the agency HR Staff contacted.

QUESTION B. *If question A is YES, has notice of the agency’s decision to conduct a feasibility study been provided to SEIU Local 503, OPEU?*

If “Yes” is checked for A, above, identify “Yes” or “No” if notice was provided to SEIU and attach copies. Notice must be provided within one week of the agency’s decision to conduct a formal feasibility study, indicating the job classifications and work areas affected.

QUESTION C. *Is this a new or continuing contract? If it is a continuing contract skip questions C to N and go directly to Section 2 (questions O and P).*

Check “New” or “Continuing.” Renewal of an existing contract is considered a “continuing” contract.

QUESTION D. *Is the work to be contracted-out due to legislative mandate or agency decision?*

FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES

Check "Legislative Mandate" if the legislature required the contracting-out in a statute, bill, budget note, or committee minutes. Fill-in the bill number or statute reference and effective date the reference for the legislative mandate. Check "Agency Decision," if there was no legislative mandate.

QUESTION E. *Why is contracting-out being considered?*

For example: lack of staff expertise in the specified area; current staff do not have training or time; contractor will provide the equipment, software, and data.

QUESTION F. *Is the work to be contracted-out being performed by SEIU Local 503, OPEU bargaining unit employees?*

Check "Yes" or "No". The CBA requires a formal feasibility study when a contract concerning work performed by bargaining unit members in the affected agency exceeds thirty thousand dollars (\$30,000) annually or when the contracting-out will displace bargaining unit members.

QUESTION G. *Describe the work to be contracted-out, including affected classifications and geographic locations/work areas.*

The description is intended to lay out the scope of the work and the activities that would have to be done by bargaining unit employees if the work, or some parts of it, is not contracted-out. Identify the classifications performing the work and the geographic location(s)/work area(s) of the work to be done.

QUESTION H. *Will SEIU Local 503, OPEU bargaining unit employees be displaced as a result of contracting-out this work?*

Check "Yes" or "No". If bargaining unit employees will be displaced, 30-day notification prior to releasing any bid is required. The union may submit an alternative proposal during that 30-day period. If no employees are displaced, the 30-day notification is not required.

QUESTION I. *Estimate the cost to perform work by SEIU Local 503, OPEU bargaining unit employees, including labor, equipment, materials, supervision, and other indirect costs.*

Fill in the estimate worksheet. Attach additional pages as necessary.

The comparison is made based on an estimate of all costs of doing the work with bargaining unit employees versus an estimate of all costs of contracting-out the work. The basis for the estimates must be documented, although it may vary depending on the activities to be contracted-out. Count only 80% of the state employee's straight-time wage rate.

The estimate for doing the work with bargaining unit employees should be based on costs for labor, equipment, and materials (including services) and any other items in the agency's cost analysis. Supervision and other indirect costs should be included. Indirect costs include the cost of facilities, utilities, and other administrative costs apportioned among all agency programs. Any other costs used in the agency's decision should also be identified. If displacement will result from contracting-out, a more detailed assessment may be necessary including all related documentation.

Costs of contracting-out should be based on historical contract costs for similar work, if available, and must include costs of administering the contract.

QUESTION J. *Estimate the cost to contract-out the work, including agency contract administration (inspecting and overseeing contractor's work & contract compliance).*

Fill in the estimate worksheet. Attach additional pages as necessary.

FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES

QUESTION K. *What are the Actual Savings? This is the difference between direct in-house costs from Part I and contract costs from Part J.*

This is the actual savings resulting from contracting-out work performed by employees in bargaining unit.

QUESTION L. *Estimate the costs to the agency, if any, for specific activities required preparing for contracting-out of the work. (e.g., information technology hardware and/ or software upgrade).*

Identify the estimated costs to prepare the agency to initially contract-out bargaining unit work (e.g., startup costs). The costs will include the estimated labor costs, contract development costs, audit costs, and other agency costs required prior to contracting-out the work. Only costs incurred by the State agency contracting-out the work will be included. Costs relating to the drafting of the feasibility study, responding to legislature inquiries or mandates, and responding to union inquires will not be included.

In the event the contracting-out is not initiated within one year of the date of the feasibility study the union, upon written request, may request the State to update the estimates of the feasibility study. The State will provide an update of the estimated amount within 30-days of receipt of the written request.

QUESTION M. *What factors were considered in the decision to contract-out (e.g., cost, lack of staff or equipment, expertise, etc.)?*

A description of why the work is being contracted-out. Cost savings would be an obvious reason, but others may exist such as lack of staff or equipment, lack of expertise, or critical time frames that must be met.

QUESTION N. *How will the quality of the services be maintained by contracting-out of work?*

For example: The contract administrator will track and monitor the work of the contractor, monitor performance and deliverables.

SECTION 2 – RENEWAL OF EXISTING CONTRACT

QUESTION O. *How has the contractor's performance affected the delivery of effective and efficient services?*

For example: The contractor provided monthly data regarding the services, hours utilized, and the number of clients served; which met established deliverables.

QUESTION P. *Is the cost of continuing the contracting-out of services greater than the most recent bid?*

Check "Yes" or "No". The most recent bid is defined as the previous bid received; e.g., it is 2008 and it is time to renew a 2006 contract, the 2006 bid/contract is the "most recent bid" for the purposes of comparison. If there is an additional cost to continue the contract, itemize the services and costs to be incurred with the contract renewal.

Distribution

The completed feasibility study must be attached to a letter addressed to SEIU, which notifies them of the intent to contract-out. The notice and study must be sent to the SEIU Executive Director with copies to the agency Human Resource Office and DAS Labor Relations Unit.

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES**

- Page 1 of 3 -

SECTION 1

A. Have you consulted with the agency's Human Resource Manager regarding intent to contract-out work that could potentially fall under Article 13? ▪ <i>Identify staff contacted:</i> _____	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
B. If question A is YES, has notice of the agency's decision to conduct a feasibility study been provided to SEIU Local 503, OPEU? <i>* If YES, attach copies of the correspondence.</i>	Yes*	<input type="checkbox"/>	No	<input type="checkbox"/>
C. Is this a new or continuing contract? <i>* If it is a continuing contract, skip questions C to N and go directly to Section 2 (questions O and P).</i>	New	<input type="checkbox"/>	Continuing*	<input type="checkbox"/>
D. Is the work to be contracted-out due to legislative mandate or agency decision? <i>* If legislative mandate, reference below:</i> _____	Legislative Mandate*	<input type="checkbox"/>	Agency Decision	<input type="checkbox"/>
E. Why is contracting-out being considered? 				
F. Is the work to be contracted-out being performed by SEIU Local 503, OPEU bargaining unit employees?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
G. Describe the work to be contracted-out, including affected classifications and geographic locations/work areas: 				
H. Will SEIU Local 503, OPEU bargaining unit employees be displaced as a result of contracting-out this work? <i>* If yes, list number of affected bargaining unit employees by classification and geographic location. (Attach additional page(s), if necessary.)</i>	Yes*	<input type="checkbox"/>	No	<input type="checkbox"/>

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES**

- Page 3 of 3 -

M. What factors were considered in the decision to contract-out (e.g., cost, lack of staff or equipment, expertise, etc.):

N. How will the quality of the services be maintained by contracting-out of work?

SECTION 2 – Renewal of Existing Contract

O. How has the contractor's performance affected the delivery of effective and efficient services?

P. Is the cost of continuing the contracting-out of services greater than the most recent bid?

Yes* No

* If yes, itemize the services and additional cost that will be incurred.

Prepared by: _____

Date: _____

- Distribution:
- Agency's Human Resource Office;
 - Labor Relations, DAS (FAX: (503) 373-7530);
 - SEIU Local 503, OPEU, Attn: Leslie Frane or designee, (franel@opeuseiu.org) (FAX: (503) 581-1664)