1. GENERAL

A department shall, prior to engaging a contract workforce or contract worker using state-appropriated funds:

1.1 Document how and why the use of contract workers fits into departmental staffing strategies. The department shall consider how the use of the contract worker fits the mission, goals and objectives of the department. The department shall also consider existing and future employee skills needed, compensation costs, productivity, the nature of the services to be provided and the workload;

1.2 With the assistance of the Comptroller’s Office, prepare a cost/benefit analysis; and

1.3 Examine prior state employment issues as described in System Regulation 25.99.03, section 1.5 and the legal distinctions between an employee and a contract worker.

2. PROCUREMENT OF SERVICES

2.1 The procurement of contract workforce services with an anticipated value in excess of $2,000 shall be in accordance with purchasing requirements. When state-appropriated funds in excess of $10,000 are utilized, the department shall disclose the justification for the contract on the requisition and purchase order to document the requirements of Sections 1.1-1.3 provided above. Acceptable justifications include, but are not limited to:

2.1.1 The contract worker(s) is temporarily filling a state employee position.

2.1.2 The department is unable to attract state employees for the needed position(s).

2.1.3 The contract worker(s) is being used to perform highly specialized duties.
2.1.4 All contract worker(s) costs were compared with employee(s) costs and contract workers were found to be the most cost effective in performing the duties.

2.1.4.1 Productivity was compared between contract worker(s) and employee(s) and was found to be the most cost-effective decision.

2.1.4.2 Training costs and training investments were compared between contract worker(s) and employee(s), and the use of contract workers was found to be the most cost-effective decision.

2.2 For all purchases that qualify as contract workforce services, including Intra-System purchases, a department shall retain all supporting documentation, including the cost/benefit analysis, in their departmental files in accordance with the approved records retention schedule.

2.3 The contract worker(s) duties must be reviewed to determine whether they meet factors necessary to be classified as independent contractors.

OFFICE OF RESPONSIBILITY:
Vice President for Finance & Administration