



## *BILL and Amendment SUMMARY*

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# Bidding Practices SF 1

Status of Bill: On House Calendar  
Committee: State Government (12-10)  
Lead Democrats: Rep Prichard  
Floor Manager: Rep Pettengill  
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## Background

Current law allows for Iowa Preference in competitive bidding for if the Iowa based business bid is comparable to price from out of state bidders. If other states have percentage preference for business and that percentage does not allow for an Iowa company to be selected, the same percentage is applied when that state is bidding on Iowa supply requirements.

## Summary

The bill gives preference to an Iowa based company for procurement purposes by the Department of Administrative Services (DAS). If the lowest bidder is from out of state and totals less than \$500,000 and an Iowa company is within 5% or \$10,000 whichever is lower the Iowa company is allowed to resubmit a bid to match the lowest bid before a contract is approved. This does not apply to road and bridge repair or architectural or engineering services.

## Amendments

### H-8071 by the Committee on State Government

This amendment is a strike after and allows for state agency or department to not comply with Iowa Prison Industries (IPI) requirements if they can verify the products are manufactured within the state.

Current law requires state agencies to purchase from Iowa Prison Industries (IPI) if the product the state agency is seeking is available through IPI. There are waivers and exceptions to the requirement that include emergency situations or if IPI is unable to meet the needs of the state agency. If there is a dispute between the state agency and IPI are referred to the director of Department of Administrative Services (DAS).

### Eligible Customers of IPI

Any tax supported institutions and government subdivisions, non-profit groups, and employees of eligible institutions, agencies, and organizations. IPI works wholly in the public sector.

### Waivers

IPI usually receives and approves 50 waivers per year. For FY 16 there have been 37 waivers to dates. Waivers are posted online for transparency reasons.

### Savings of IPI

IPI states that they have at least three categories of savings:

1. **Reduced recidivism.** A study from 2012 shows that reduced recidivism from IPI programs show a state savings of \$4.1 million for just one year. This was a study from an accredited third party.
2. **Reduced Violence.** Close to 600 offenders "go to work." These offenders require less Department of Corrections (DOC) supervision and engage in better behavior. Resulting in substantial savings because of the reduced risk of violence towards staff and other offenders.

**3. Reduced Prices.** The state saves money by paying less. If they didn't there would be a waiver.

**Fiscal Impact**

In FY 15 IPI total net sales were \$24.2 million, with \$6.5 million coming from state agencies. This accounts from 27% of sales. If amended sales to state agencies would be reduced by around 25%, which may lead to lower offender hours and civilian staffing levels. There will be no impact to the general fund, but could reduce IPI net sales by approximately \$1.6 million.