



VIII-22.00 POLICY ON SERVICE CONTRACTS

(Approved by the Board of Regents on May 1, 2020)

I. PURPOSE AND APPLICABILITY

A. The purpose of this policy is to:

1. Articulate the USM's preference to use institution employees to continue providing institution services, unless the use of an external service contract is justified by cost or other reasons that cannot be addressed through alternative means; and
2. Minimize disruption to current employees in the event that an institution determines the need to enter into an external service contract.

B. Applicability

1. The policy applies to any contract for \$100,000 or more that:
 - a. Is defined as a "service contract" in the USM Procurement Policy and Procedures, (VIII-3.00);
 - b. Would result in one or more USM institution employees losing their employment; and
 - c. Would provide for services performed at USM institution-operated facilities.
2. The policy is not applicable to contracts for temporary employment or other short-term service contracts for which there are no currently funded or occupied employee positions. The policy does not impact institutional decisions to procure services, or to hire new employees to perform functions not currently performed by institution employees.

II. SERVICE CONTRACT PROPOSAL

A. Review of Proposal

1. At least 60 days before advertisement of a solicitation for a service contract, the institution shall share a written proposal to use a service contract with:

USM Bylaws, Policies and Procedures of the Board of Regents

- a. Potentially affected employees, including the exclusive representative as appropriate; and
 - b. The Chancellor.
 2. At the request of the Chancellor or the employees, the institution will meet to discuss the proposal.
 3. At the Chancellor's discretion, a proposal also may be brought to the Board of Regents for its review.
- B. Content of Proposal. Each proposal shall include:
1. A description of the work to be done under the service contract;
 2. The justification for proposing a service contract, including, as appropriate:
 - a. Reasons why the Services cannot reasonably be performed effectively by institution employees (e.g., conflict of interest, emergency need, services incidental to a real or personal property acquisition);
 - b. Estimated cost savings, including a comparison of the costs of using USM employees versus entering into a service contract.
 - c. Other benefits of the service contract, including the business needs that the service contract will meet.
 3. An explanation of the steps that the institution has taken to consider alternatives to the service contract.
 4. The institution's plan of assistance for employees affected by the service contract, including:
 - a. Efforts to place employees within the institution or USM;
 - b. Service contractor provisions for hiring displaced employees; and
 - c. Other measures to minimize the impact of the service contract on affected employees.

III. POLICY IMPLEMENTATION

- A. Nothing in this policy shall abrogate other requirements for review of procurement matters by the Board of Regents.
- B. The Chancellor will develop procedures for the review of service contract proposals under Section II(A) of this policy.