

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

**THIS FORM IS AVAILABLE ELECTRONICALLY ON DAS CHRO'S WEBSITE:**

<https://www.oregon.gov/das/HR/Pages/LRU.aspx>

- 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?**

Yes  No

▪ **Identify Staff Contacted:** \_\_\_\_\_

**B. If yes, has notice of the Agency's decision to conduct a feasibility study been provided to SEIU Local 503, OPEU?**

Yes\*  No

*\* If Yes, attach copies of the correspondence.*

**C. Is this a new or continuing contract?**

New  Continuing\*

*\* If continuing contract skip directly to Section 2 (Complete O and P).*

**D. The work to be contracted is due to:**

Legislative  Agency   
Mandate\* Decision

*\* If legislative mandate, reference below:*  
\_\_\_\_\_

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

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

Yes  No

**G. Description of work to be contracted, including affected classifications and geographic location(s)/work area(s):**

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

Yes\*  No

*\* If yes, list number of affected bargaining unit employees by classification and geographic location.  
(Attach additional page(s), if necessary.)*

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

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

**Estimate Worksheet (detail cost calculations):**

*Direct costs are those costs for performing the work to be contracted. In calculating direct in-house costs, list only those costs which will be eliminated if the work is contracted-out.*

<b><u>DIRECT COSTS</u></b>	
Labor*	\$ _____
Equipment	\$ _____
Materials	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL =</b>	<b>* \$ _____</b>

*Indirect costs include, but are not limited to, the costs of facilities, utilities, and other administrative costs apportioned among agency programs. Write in these costs below, as necessary.*

<b><u>INDIRECT COSTS</u></b>	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL =</b>	<b>** \$ _____</b>

\* **Total Direct Costs** \$ \_\_\_\_\_

\*\* **Total Indirect Costs** + \$ \_\_\_\_\_

**(Item I - Total Costs) \$ \_\_\_\_\_**

Attach additional page(s) showing detail on how the above costs were calculated for each item listed, including number of FTEs by classification; costs for each classification, including salary and other payroll expenses (OPE).

\* **Count only 80% of the state employee's straight-time wage rate.**

**J. Estimated cost to contract, including agency contract administration (inspecting and overseeing contractor's work & contract compliance):**

**Estimate Worksheet:**

Estimated Contract Amount \$ \_\_\_\_\_  
Contract Administration + \$ \_\_\_\_\_  
**TOTAL (Item J) = \$ \_\_\_\_\_**

Attach page(s) showing detail on how the above costs were calculated for each item listed, including, for contract administration costs, the number of FTEs by classification; and components of labor costs/OPE (salary, health, pension, social security).

**K. Actual Savings: Difference between direct in-house costs from Part I and contract costs from Part J. \$ \_\_\_\_\_**

**L. Estimated 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).*

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

- Page 3 of 3 -

**M. Factors considered in decision to contract (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, Attn: LRU (LRU@das.oregon.gov)
  - SEIU Local 503, OPEU, Attn: Legal Department (SEIU\_studies@seiu503.org)

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

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**INSTRUCTIONS**

**Purpose:** The 2021-2023 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 sixty thousand dollars (\$60,000) 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 State has 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**

- 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.

- 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.

- 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.

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

Identify whether there is a “legislative mandate” or if it was an “agency decision” to contract out the work. If it is a “Legislative Mandate” attach all relevant budget notes and fill-in the bill number or statute reference and effective date the reference.

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

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**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 and contractor will provide the equipment, software, and data.

**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 exceeds sixty thousand dollars (\$60,000) annually or when the contracting out will displace bargaining unit members.

**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.

**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.

**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.

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

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- 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.

- 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.

- 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.

- 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.

- 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, further, the contract covers non-performance.

### **SECTION 2 – RENEWAL OF EXISTING CONTRACT**

- 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.

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

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- 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 2021 and it is time to renew a 2019 contract, the 2019 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 a copy to the Agency Human Resource Offices.