

CONCISE EXPLANATORY STATEMENT

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Department of Administration

DIVISION: Division of Purchases

RULE IDENTIFIER: 220-RICR-30-00-9

RULE TITLE: Exceptions to Competitive Bidding Requirements

REASON FOR RULEMAKING:

During the State of Rhode Island's 2023 legislative session, HB5463 and SB0709 were passed increasing the thresholds for small purchases delegated authority effective December 31, 2023, codified in statute as R.I. Gen. Laws § 37-2-22. This statutory change requires the Procurement Regulations to be updated via 220-RICR-30-00-5 and 220-RICR-30-00-9. The Division of Purchases has determined that these updates must be addressed in regulation to ensure uniform applicability and compliance throughout the State, and to prevent potential confusion caused by outdated and misaligned information in regulation that no longer comports with the applicable statutory provision.

In addition to these changes that directly reflect the statutory updates, the Division of Purchases seeks to update the "micro" purchases procedures set forth in 220-RICR-30-00-5 and 220-RICR-30-00-9 that apply to procurements under \$500 (which are not contemplated in statute but have been historically regulated through regulation and policy as set forth therein). Although micro purchases have been subject to a \$500 threshold for the past several years in practice, the regulations still contain reference to a \$250 threshold in this context. This correction merely memorializes existing long-term policy and incurs no substantive or known changes.

ANY FINDING REQUIRED BY LAW AS A PREREQUISITE TO THE EFFECTIVENESS OF THE RULE:

None.

TESTIMONY AND COMMENTS: None received.

CHANGE TO TEXT OF THE RULE: No substantive changes between proposed and final.

REGULATORY ANALYSIS: Pursuant to R.I. Gen. Laws § 42-35-2.9, the Division of Purchases has undertaken a regulatory analysis for the proposed regulatory changes. Given the lack of anticipated fiscal impact, the Division used the most relevant information at the time of publication to estimate the benefits and costs of the proposed regulatory updates. The following analysis examines the costs and benefits only of incorporating and reflecting statutory changes into existing regulatory provisions and corresponding policies and procedures currently employed by the State. There is no contemplated or associated cost to the State or its public agency and municipal partners in effectuating this statutory change, which in substance and practice merely reflects a threshold increase that will still permit agencies to employ existing procedures when procuring goods using small purchases delegated authority. The State currently utilizes Master Price Agreements and other authorized contract vehicles

(i.e., cooperative agreements through NASPO) to avoid a time-consuming bid process for low project amounts. However, in relation to these threshold increases, the State may not have to conduct a formal bid process for these low-dollar goods and/or services which can otherwise take upwards of several months to complete. Implementation of these changes, then, is expected to increase efficiency for the State due to the anticipated reduction in volume of procurements in the range between the prior and soon-to-be current threshold amounts. Increasing the small purchases thresholds allows agencies greater flexibility in making small purchases while maintaining fiscal control over excessive agency spending. Such changes streamline the overall procurement process for a significant number of purchases that fall under this threshold and improve the efficiencies of both agency and Division of Purchases' operations. In reviewing anticipated impact of these changes, historical procurement data from SFY21-23 was exported from the State financial system. Of the approximately 2,600 eligible requisitions that were valued under the increased small purchases delegated authority threshold of \$10,000 for the time period in question, 1,100 procurements (42%) had a value of between \$5,000 and \$10,000. These purchases were facilitated on a separate procurement basis and processed manually by Division of Purchases staff. Accordingly, this figure is representative of potential time savings by Division of Purchases personnel, who will no longer be required to manually review, seek agency feedback and clarification, and process these procurements when the statutory changes become effective.