

# HOUSE BILL No. 6017

March 25, 2010, Introduced by Rep. Dillon and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled  
"The management and budget act,"  
(MCL 18.1101 to 18.1594) by adding sections 261e and 261f.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 261E. (1) THE DEPARTMENT SHALL NEGOTIATE WITH EACH  
2        CONTRACTOR HOLDING A CONTRACT DESCRIBED IN SECTION 261 THAT HAS AN  
3        UNPERFORMED BALANCE OF \$50,000.00 OR MORE AS OF MAY 31, 2010. THE  
4        DEPARTMENT SHALL PROPOSE CONTRACT MODIFICATIONS TO REDUCE AMOUNTS  
5        YET TO BE EXPENDED UNDER THE CONTRACT BY 5% OR MORE. THE DEPARTMENT  
6        SHALL DETERMINE WHETHER THE REDUCTION IN EXPENDITURES CAN BEST BE  
7        ACHIEVED THROUGH A CHANGE IN QUANTITY, SPECIFICATIONS, PRICE, OR A  
8        COMBINATION OF THOSE FACTORS.

9        (2) IF THE DEPARTMENT HAS REASONABLE GROUNDS TO BELIEVE THAT  
10       THE BALANCE OF THE CONTRACT CAN BE PERFORMED AT A 5% OR GREATER

1 SAVING TO THE STATE AND THE CONTRACTOR DOES NOT AGREE TO CONTRACT  
2 MODIFICATIONS THAT PRODUCE A REDUCTION IN THE REMAINING CONTRACT  
3 PAYMENTS, THE DEPARTMENT SHALL CANCEL AND REBID ANY CONTRACT THAT  
4 ALLOWS FOR CANCELLATION WITHOUT PENALTY TO THE STATE.

5 (3) IF A CONTRACT DOES NOT ALLOW FOR CANCELLATION WITHOUT  
6 PENALTY TO THE STATE AND A CONTRACTOR EITHER DOES NOT AGREE TO A  
7 REDUCTION IN THE REMAINING CONTRACT PAYMENTS OR DOES NOT  
8 PARTICIPATE IN GOOD-FAITH RENEGOTIATION OF THE CONTRACT, ALL OF THE  
9 FOLLOWING APPLY:

10 (A) THE CONTRACT SHALL NOT BE EXTENDED AND NO ADD-ON TO THAT  
11 CONTRACT SHALL BE APPROVED.

12 (B) THE DEPARTMENT SHALL PLACE THE CONTRACTOR ON A LIST OF  
13 THOSE CONTRACTORS THAT DO NOT COOPERATE IN THE STATE'S EMERGENCY  
14 CONTRACT RENEGOTIATION PROGRAM THAT IS ACCESSIBLE TO THE PUBLIC ON  
15 THE DEPARTMENT'S WEBSITE.

16 SEC. 261F. THE DEPARTMENT SHALL SOLICIT SERVICES FROM A  
17 PRIVATE CONTRACTOR TO ANALYZE OUTSTANDING CONTRACTS AND REVIEW  
18 PURCHASING PROCEDURES TO IDENTIFY AND REPORT METHODS TO REDUCE  
19 PURCHASING EXPENDITURES WHILE MEETING THE NEEDS OF THE STATE. IF  
20 POSSIBLE, THE CONTRACT SHALL PROVIDE FOR COMPENSATING THE  
21 CONTRACTOR WITH A PERCENTAGE OF VERIFIED SAVINGS DURING THE FIRST  
22 YEAR THAT ARE A RESULT OF IMPLEMENTING THE SUGGESTIONS IN THE  
23 CONTRACTOR'S REPORT. THE CONTRACT FOR THE ANALYSIS AND REVIEW SHALL  
24 BE PUT TO BID WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THIS  
25 SECTION AND SHALL REQUIRE THE CONTRACTOR TO PROVIDE THE REPORT BY 6  
26 MONTHS AFTER THE DATE THE CONTRACT IS AWARDED.