



Rationale for Contracting Covered Services

While the intent of Regents Policy 5402 is to generally prohibit contracting for Covered Services (all AFSCME SX and EX work) ², such contracting is permitted where it is required by law, Federal requirement, contract or grant requirement, or court decisions or orders. Contracting is also permitted with sheltered workshops. If contracting out is required to maintain federal funds, for example, then it is allowed under this policy.

In addition, the Regents Policy has a limited number of circumstances where contracting for Covered Services is allowed. ¹ These are:

1. The services are needed to address an actual emergency. An emergency may include, but is not limited to, the need to prevent the stoppage of University operations or to ensure the continuous operations of University medical centers.
2. The employees capable of providing the required services are not available at the University location in sufficient quantity or do not possess the necessary level of expertise. This category also includes instances where the services cannot be performed satisfactorily by University employees, or where the services are of a specialized or technical nature that requires expertise, knowledge, ability, and/or equipment not available internally.
3. The services are incidental to a contract for the purchase or lease of real or personal property. This includes services that are to be provided on property that the University has leased to or from a third party or through public private partnerships. This does not include arrangements where the University maintains operational control.
4. The services are of such an urgent, temporary, or occasional nature that the delay to hire employees using the University's regular hiring process, or inefficiencies or difficulties in using University employees, would frustrate the University's goals – giving rise to the need for the services. This is not justification for ongoing use of temporary workers.
5. The contractor will provide equipment, materials, facilities, or support services that could not be provided feasibly in the location where the services are to be performed. All services at remote facilities, which are those not within a 10-mile radius of a University campus, medical center, or Laboratory, may fall within this exception.
6. The services are performed by registry personnel in clinical operations to address short-term staffing needs, including circumstances where the University's reasonable recruitment efforts to hire employees are unable to satisfy ongoing staffing needs.

The rationale for contracting out must be documented - including the specific carve out listed in the Regents Policy/AFSCME contract, the reason why the carve out applies, and details of all efforts to in-source the service. In other words, demonstrate that your location has made every practicable attempt to in-source the service before contracting out.

¹ Wage and Benefit Parity applies to workers performing Covered Services – see page 2

² These covered services include but are not limited to: Cleaning, custodial, janitorial, or housekeeping services; Food services; Laundry services; Grounds keeping; Building maintenance (excluding skilled crafts); Transportation and parking services; Security services; Billing and coding services; Sterile processing; Hospital or nursing assistant services; Medical imaging services

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This document must be completed by the requesting Department for all requests to contract out Covered Services to substantiate the appropriateness of the exception. Extensions to current contracts or purchase orders are also required to complete the below prior to engaging in the extension or PO.

Project/Scope*:

Requisition or Contract # (if available): _____ Dollar Amount: _____

Supplier (if available): _____ Campus Department: _____

Comparable UC Classification: _____ Total Wage Rate** : _____

Specific Exception (#1-6): _____

Rationale for Exception*:

** Attach additional pages if necessary*

*** Contracts for Covered Services must include UC employee wage and benefit parity for the contract workers providing services to UC. UCOP provides the annual Total Wage Rates to utilize.*

To determine if a covered service can be in-sourced, the department owning the service contract must request review by the Covered Services Review Team (CSRT). Factors to consider include but are not limited to:

- Equipment needed to perform service. Is it possible to purchase the equipment and in-source the service?
- Technical skills or expertise required to perform service. Is there a sufficient number of personnel qualified to perform the service at the UC location? Can personnel with the skills or expertise be hired? Can the personnel need be filled by Temporary Employment Services?
- Law, Federal requirement, contract or grant requirement, or court decisions or orders. Can the contract be in-sourced without violating State or Federal requirements?

Efforts to In-Source Service:

By signing below, I hereby certify the foregoing is true and correct to the best of my knowledge.

Dept. Responsible Party Signature: _____ Date: _____

Dept. Responsible Party Name: _____ Email / Phone: _____

Official Covered Services Review Team Use Only

Approved

Denied

Authorized Signature: _____