

MYTHS and FACTS

About the De Facto Ban on Contracting

September 5, 2017



MYTH: *AB 1250 will result in better services.*

FACT: **AB 1250 will result in a depletion or even elimination of vital services, particularly those for the underserved.** Counties need the ability to enter into contracts so they can provide critical services in the most effective manner for their communities, as often they do not have the internal expert staff or resources. In many cases, these contracts are with nonprofit or community based organizations who are integrated into the local community and best able to provide these services.

MYTH: *AB 1250 will not impact contracts that counties currently have for services.*

FACT: **AB 1250 does impact current contracts.** Any contract that entered into, renewed or extended after the bill is signed would be subject to a time consuming, costly cost-benefit analysis for any service that is "currently or customarily" provided by a county employee.

MYTH: *AB 1250 does not prevent or prohibit contracting for services.*

FACT: **Proponents of AB 1250 have intentionally put significant new restrictions on contracting and added a host of bureaucratic requirements that would prohibit local contracting.** For instance, AB 1250:

- Requires the county to clearly demonstrate that the proposed contract will result in actual overall cost savings to the county for the duration of the entire contract as compared with the county's actual costs of providing the same services.
- Prohibits contracts from being approved solely on the basis that savings will result from lower contractor pay rates or benefits, regardless of whether the contractor can do the same or better service at lower rates.
- AB 1250 requires contractors to disclose extensive information on a monthly basis including: the names of subcontractors; the names and hourly rates of the employees of the contractor and any subcontractors; the names of any workers providing services pursuant to the contract as independent contractors and the compensation rates for those workers; directors; executives; or employees of a company – again, raising privacy concerns.
- Relies on ambiguous terms not found in other contracting code sections leaving the door open to litigation.

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MYTH:

AB 1250 is a narrowly crafted bill.

FACT:

AB 1250 affected contracts include health care, social services, mental health and public safety services. Impacted area examples include:

- Safe havens and counseling for children who are victims of sex trafficking
- Counseling and support for victims of domestic violence
- Medical care and case management for children with special health care needs
- 9-1-1 and emergency dispatch
- Sober living and rehabilitation services
- Homeless outreach and case management emergency shelters, warming and cooling shelters
- Foster care and adoption services
- Behavioral health services
- Cultural competency services
- HIV counselors and outreach
- Timely emergency and disaster response
- Animal care services
- Medical care at county safety-net hospitals and clinics
- Job-training and employment support for the unemployed
- Housing assistance
- Health care, job training and rehabilitation for county inmates and probation
- Private ambulance services

MYTH:

AB 1250 is about transparency.

FACT:

AB 1250 raises huge privacy issues by requiring contractors to disclose the names and wages of private employees and their subcontracted employees. This represents a major concern for the privacy of private employees, especially those who work in the public safety and technology fields.

MYTH:

AB 1250 does not impact affordable housing.

FACT:

AB 1250 does impact affordable housing for those in need. Housing programs ranging from farmworker centers to tenant-land lord counseling to regional fair housing assessments could all be limited by the bill. Furthermore, AB 1250 is likely to drive up the cost of general plan and housing element preparation.

MYTH:

AB 1250 does not impact public works and environmental services.

FACT:

There is general exemption for "environmental services" when it is in connection to project development or permit processing. However, **this exemption does not broadly cover all types of environmental review work or the breadth of activities that are often included in environmental consultant contracts.** It also does not contemplate other environmental impact report (EIR) consulting needs, such as for general plan updates.

MYTH:

AB 1250 does not impact emergency services.

FACT:

AB 1250 does impact emergency services. The exemption for emergencies only provides for a 90-day contract during any single peak load, temporary absence, or emergency situation, or for a temporary appointment. Emergency medical services (EMS) and ambulance transport are subject to AB 1250.