

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4085-01  
Bill No.: HB 1497  
Subject: Administration, Office of; State Departments; State Employees  
Type: Original  
Date: March 30, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown more than \$532,900)	(Unknown more than \$532,900)	(Unknown more than \$532,900)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown more than \$532,900)</b>	<b>(Unknown more than \$532,900)</b>	<b>(Unknown more than \$532,900)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Federal Funds	(Unknown more than \$467,100)	(Unknown more than \$467,100)	(Unknown more than \$467,100)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown more than \$467,100)</b>	<b>(Unknown more than \$467,100)</b>	<b>(Unknown more than \$467,100)</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Office of State Courts Administrator, Department of Mental Health, Office of Attorney General, Department of Conservation and Department of Transportation** assume no fiscal impact to their agency.

Officials from the **Office of Administration - Division of Purchasing and Materials Management** assume this proposal could result in the state having to pay higher contract prices over an extended period of time to obtain the needed telecommunication services.

Officials from the **Department of Social Services** assume this proposal does not separate the call center from other services provided in the FSD EBT contract. As a result, a new bid process to select a vendor who would complete the work in the United States would be required. Immediate termination of this contract would result in public assistance recipients not receiving their food stamps and temporary assistance benefits. Approval to continue the current contract until a suitable vendor is obtained would be requested of the Commissioner of the Office of Administration.

ASSUMPTION (continued)

Currently, FSD has an active contract with the eFunds Corporation for EBT (Electronics Benefit Transfer). The EBT system is utilized to provide Food Stamp and Cash assistance benefits. The contract requires the operation of an EBT call center. The call center is currently based abroad in India. The relocation of the call center to the United States would result in additional \$.29 cost per case per month (CPCM) increase, which results in approximately a 16% increase in annual costs. At 292,438 cases per case month, it would increase the cost for FSD by an additional \$84,807 per month for an annual cost of \$1,017,684. Analysis conducted during May, June and July 2003 shows the average cost per recipient call to be \$1.79 for call centers in the United States.

The fiscal impact of this proposal is unknown, greater than \$1,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**GENERAL REVENUE**

Cost - Department of Social Services

Equipment & Expense	<u>(Unknown more than \$532,900)</u>	<u>(Unknown more than \$532,900)</u>	<u>(Unknown more than \$532,900)</u>
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<b>NET ESTIMATED EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown more than \$532,900)</u></b>	<b><u>(Unknown more than \$532,900)</u></b>	<b><u>(Unknown more than \$532,900)</u></b>
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**FEDERAL FUNDS**

Cost - Department of Social Services

Equipment & Expense	<u>(Unknown more than \$467,100)</u>	<u>(Unknown more than \$467,100)</u>	<u>(Unknown more than \$467,100)</u>
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<b>NET ESTIMATED EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown more than \$467,100)</u></b>	<b><u>(Unknown more than \$467,100)</u></b>	<b><u>(Unknown more than \$467,100)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

It may have an effect on small businesses.

DESCRIPTION

This bill prohibits the Commissioner of the Office of Administration from contracting telemarketing or telephone center services from vendors who employ persons not authorized to work in the United States or perform these services from outside the United States. Vendors are required to submit information certifying that their employees or subcontractors are authorized to work in the United States and that all work will be conducted in the United States. A person who files false information is guilty of a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration

Division of Purchasing and Materials Management

Department of Mental Health

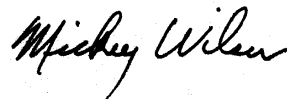
Office of State Courts Administrator

Department of Transportation

Department of Social Services

Office of Attorney General

Department of Conservation



Mickey Wilson, CPA  
Director  
March 30, 2004