

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4931-01  
Bill No.: HB 1676  
Subject: The Competitive Government Act  
Type: Original  
Date: April 2, 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 *	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* unknown expected to exceed \$100,000.

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

\* unknown expected to exceed \$100,000.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

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

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

### FISCAL ANALYSIS

#### ASSUMPTION

In response to a similar proposal officials from the **Department of Agriculture** assumed this proposal would require two additional staff to develop procedures, survey department activities, and develop the information required by the proposal.

Officials from the **Department of Health and Senior Services, Department of Revenue the Office of Administration, Division of Design and Construction, Division of Facilities Management, and Division of General Services; the Department of Public Safety; Division of Alcohol and Tobacco Control, Fire Safety, State Emergency Management, Missouri Water Patrol, Capitol Police and State Highway Patrol, and the Department of Revenue,** assume this proposal would have no impact on their organizations.

Officials from the **Department of Mental Health, the Department of Transportation, the Department of Insurance, the Department of Conservation, the Department of Natural Resources, the Office of Administration, Division of Purchasing and Materials Management,** assume this proposal would have an unknown impact on their organization.

ASSUMPTIONS (continued)

Officials from the **Office of Administration, Office of the Deputy Commissioner** assume this proposal would require one-half additional FTE Accounting Analyst to perform the duties imposed on their organization by the proposal. The office provided an estimate of approximately \$25,000 per year for salary, benefits, and expense and equipment.

Officials from the **Department Of Labor and Industrial Relations**, in response to a similar proposal, assumed the proposal would have an unknown impact on their organization.

In response to a similar proposal, officials from the **Office of Administration, Division of Information Services**, and the **Department of Economic Development, Public Service Commission**, assumed the proposal would have an unknown impact on their organization.

In response to a similar proposal, officials from the **Department of Social Services, Division of Youth Services, Division of Medical Services**, and **Research and Evaluation Section**, assumed the proposal would have no impact on their organization.

Although they did not respond to our request for information, officials from the **Department of Corrections**, in response to a similar proposal, assumed the proposal would have no impact on their organizations.

Officials from the **Office of the Secretary of State** (SOS) assumed the proposal would require their organization to hire a procurement officer to perform tasks outlined in the proposal. Some tasks currently performed by state employees might be outsourced through a competitive bidding process. SOS included an estimate of the cost for the additional FTE including salaries, benefits, equipment, and expenses totaling \$56,434 starting in FY 2005. Annual expenditures for salaries, benefits, and expenses would be approximately \$60,000.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would require their organization to add a program director and an administrative assistant to compile the required commercial activities listing, analyze and track activities, and would require a number of DESE staff to provide the information used to develop the listing. DESE included an estimate of the cost for the 2 additional FTE including salaries, benefits, equipment, and expenses totaling \$123,671 for FY 2005, \$145,167 for FY 2006, and \$148,838 for FY 2007.

ASSUMPTION (continued)

**Oversight** assumes that nearly every state agency performs functions which could be classified as commercial activities, and that the administrative cost of implementing this proposal would be significant but unknown since developing the list of commercial activities is one of the requirements of the proposal. Oversight has shown unknown cost to various state funds beginning in FY 2006 for these activities.

Oversight further assumes that any savings to state agencies would not be realized until after FY 2007 since the process of developing competitive sourcing programs and publicizing the list of commercial activities would take place in FY 2007.

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

<u>Cost - state agencies</u>			
Administration *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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\* unknown expected to exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**VARIOUS STATE FUNDS**

<u>Cost - state agencies</u>			
Administration *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS *</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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\* unknown expected to exceed \$100,000.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This bill creates the Competitive Government Act which, beginning in Fiscal Year 2005, requires all agencies to submit to the Office of Administration every other year a list of activities performed by the agency that could be performed by the private sector. The Office of Administration and the State Competition Council, when established, will review the list and consult with the agencies involved.

Once the list is established and published, agencies will prepare a competitive sourcing plan as prescribed by the council and select one or more activities to undergo competition. When determining whether to contract with the private sector, the costs of procuring the service will be compared with the full costs to the agency of this service including the costs of quality assurance, technical monitoring, and all overhead costs.

The bill also provides that interested parties can challenge an omission or inclusion of a particular activity on the list, which will receive an administrative review.

Winning bidders will enter into a performance-based contract with the agency and provide administration and performance reports to the public annually.

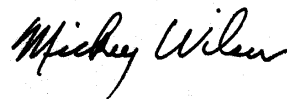
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
    Division of Facilities Management  
    Division of Purchasing and Materials Management  
    Division of Information Services  
    Division of Design and Construction  
    Division of General Services  
    Office of the Deputy Commissioner  
Department of Agriculture  
Department of Corrections

SOURCES OF INFORMATION (continued)

Department of Economic Development  
    Public Service Commission  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Insurance  
Department Of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Division of Alcohol and Tobacco Control  
    Missouri Veterans Commission  
    Capitol Police  
    Fire Safety  
    State Water Patrol  
    State Emergency Management Agency  
    State Highway Patrol  
Department of Revenue  
Department of Social Services  
    Division of Youth Services  
    Division of Medical Services  
    Research and Evaluation Section  
Department of Transportation



Mickey Wilson, CPA  
Director

L.R. No. 4931-01  
Bill No. HB 1676  
Page 7 of 7  
April 2, 2004

April 2, 2004

VL:LR:OD (12/02)