

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1440-01
Bill No.: HB 614
Subject: Administration, Office of; Contracts and Contractors; State Departments
Type: Original
Date: February 16, 2007

Bill Summary: This proposal allows for the use of a procurement method to procure goods and nonprofessional services if the procurement method would save money for the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
State Facility Maintenance Fund	\$40,684	\$49,722	\$50,972
Total Estimated Net Effect on <u>Other</u> State Funds	\$40,684	\$49,722	\$50,972

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

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Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

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Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Facilities Management , Design and Construction** assume with the new language to increase the bid process to ten (10) thousand dollars the time and effort put forth by one FTE could be eliminated.

Officials at the **Division of Purchasing and Materials Management** assume this bill would result in possible cost savings to the state by having the ability to use the reverse auction bid process.

Officials at the **Department of Corrections (DOC)** assume they would be required to employ additional procurement officers and clerical support staff (with one-time and on-going expense and equipment costs) dependent upon the specifications determined by OA. Additional staff may be required in the institutional business offices as well. Although the exact amount of fiscal impact for passage of this proposal is unknown, it has the potential to be a substantial amount for the DOC per each fiscal year.

Officials at the **Department of Conservation (MDC)** assume this proposed legislation could result in a positive fiscal impact to MDC funds depending on how reverse auctions are conducted and administrated. The exact amount of impact is unknown.

Officials at the **Office of the Secretary of State** assume this legislation will increase productivity, by allowing staff to focus more of their time on quality and timeliness of services, and less on lengthy paperwork. Agency staff will be able to use less formal methods of comparing services and costs for many more of their operations, and reserve the concentrated scrutiny of the RFQ process for major purchases.

Officials at the , **Department of Transportation, Department of Mental Health, Department of Health and Senior Services, Department of Social Services** assume that there is no fiscal impact from this proposal.

Oversight assumes this proposal will result in the savings to the State Facility Maintenance Fund as the result of the elimination of 1 FTE. Additional savings may be seen by other departments but that savings is unknown.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
STATE FACILITY MAINTENANCE FUND			
<u>Savings - OA/Facilities Management</u>			
Personal Service	\$26,906	\$33,095	\$33,922
Fringe Benefits	\$12,178	\$14,979	\$15,353
Equipment and Expense	<u>\$1,600</u>	<u>\$1,648</u>	<u>\$1,697</u>
<u>Total Savings - OA/FM</u>	<u>\$40,684</u>	<u>\$49,722</u>	<u>\$50,972</u>
FTE Change- OA/FM	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON STATE FACILITY MAINTENANCE FUND	<u>\$40,684</u>	<u>\$49,722</u>	<u>\$50,972</u>
Estimated Net FTE Change on State Facility Maintenance Fund	1 FTE	1 FTE	1 FTE

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

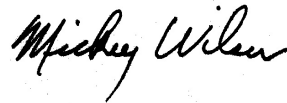
FISCAL DESCRIPTION

This bill allows the Commissioner of the Office of Administration to use the reverse auction procurement method to purchase goods and nonprofessional services if the commissioner believes the method will result in savings to the state. The reverse auction procurement method allows bidders to bid on specified goods or nonprofessional services through real-time electronic bidding. Bidders' prices are revealed, and they have an opportunity to modify their bid prices during the bidding period. The purchase amount requiring competitive bids is changed from \$3,000 to \$10,000; and the purchase amount requiring advertising is changed from \$25,000 to \$100,000. The bill lists categories that do not require a single feasible source determination. Obsolete provisions of Chapter 34, RSMo, are repealed.

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

Department of Conservation
Department of Social Services
Department of Health and Senior Services
Office of the Secretary of State
Office of Administration
 Division of Purchasing and Materials Management
 Facilities Management, Design and Construction
Department of Mental Health
Department of Transportation
Department of Corrections

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 16, 2007