

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3878-01
Bill No.: HB 1661
Subject: Administration, Office; Office of Disabilities
Type: Original
Date: March 23, 2010

Bill Summary: Changes the requirements for state purchasing regarding nonprofit agencies for the blind and nonprofit agencies for the other severely disabled.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$49,051)	(\$58,470)	(\$60,225)
Total Estimated Net Effect on General Revenue Fund	(\$49,051)	(\$58,470)	(\$60,225)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration** assume that keeping the procurement list current and providing waivers would be very time consuming endeavor. DPMM would need an additional FTE position to fulfill the requirements of this proposal. The FTE would be a Buyer II.

Officials at the **Department of Corrections** are unsure what changes (if any) passage of this bill may have on current procurement practices and defers to OA Purchasing to address this issue on behalf of the states' agencies.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Missouri Highway Patrol** anticipates no fiscal impact. However, the Patrol did make the following assumptions:

As it currently stands, the proposed legislation does not appear to place any procurement percentage targets or requirements upon the Patrol as it relates to purchasing from qualified non-profit agencies for the blind and other severely disabled. However, in the future, should that change and should the Patrol be required to purchase a percentage of our goods and services from such agencies, this could become very problematic. It is possible that we would consistently fall short for much the same reasons. We sometimes have difficulty in reaching our 5% and 10% targets when it comes to purchasing from MBE/WBE vendors. The greatest bulk of our purchases are for very specialized, law enforcement related goods. There are a limited number of vendors who produce the types of goods and services that the Patrol requires. When the Patrol is able to purchase required goods and services from any qualified nonprofit agencies for the blind and other severely disabled, there would be no hesitation in doing so. We anticipate, however, that finding a qualified nonprofit agency for the blind or disabled which produces these products may prove difficult.

Officials at the **Francis Howell School District** assume this would potentially increase the cost of goods, since the district would be mandated to purchase from certain vendors. The exact impact can not be determined.

Officials at the **Missouri State University** assume additional labor costs due to the time involved in searching for and evaluating the disabled vendor and their specifications to ensure the purchase of like quality products.

ASSUMPTION (continued)

Officials at the **University of Missouri** assume they can not quantify the potential negative impact of this proposal. The legislation would dictate purchasing from other than the preferred system-wide discounted contracts negotiated for particular commodities.

Officials at the **Missouri Department of Conservation** assume that not knowing the exact goods and services to be offered by the nonprofit agencies for the blind or agencies for the other severely disabled which we would be required to purchase, and not knowing at this time the fair market price to be set for those goods and services, and not knowing our future needs for those goods and services, it is impossible to determine the exact amount of the negative fiscal impact of this legislation. However, the negative fiscal impact of this legislation could be greater than \$100,000 annually.

Officials at the **Department of Mental Health** assume that since the list of products and services is not yet known, nor are the prices for such products and services, the fiscal impact to the department is an unknown savings or cost, either of which would likely be less than \$100,000.

Officials at the **Department of Natural Resources** assume the department would not anticipate a significant fiscal impact but would defer to Office of Administration to provide actual fiscal impact to the state.

Officials at the **Department of Social Services** assume the duty to establish the list of goods and services and the prices for the same would be with Office of Administration and so the Department defers to them.

Officials at the **Missouri Southern State University** assume that they are unable at this time to project what financial impact, if any, this legislation might have. In this period of fiscal downturn, it is important that governmental agencies be allowed to procure the least expensive goods and services from qualified vendors. Care should be taken not to impair that capability.

Officials at the **St. Louis County** assume it is not feasible at this time to calculate the fiscal impact, however, if the bill passes, the County would be impacted if it requires the County to purchase from approved nonprofit organizations. The impact may affect the department's budget for products or services in that the stipulation of giving bidding preference consisting of a 10-point bonus on bids would limit the competitive process and lowest price. Potential impact to department's fiscal budgets as the award price may be higher giving consideration to the bid preference model.

ASSUMPTION (continued)

The County would be required to modify the current County Purchasing Code that awards bids to the lowest price and responsible bid if the State mandates the use of these nonprofit agreements.

Officials at the **Missouri Ethics Commission, Metropolitan Community College, Administrative Hearing Commission, Department of Agriculture, Linn State Technical College, City of Centralia, Office of the State Treasurer, Parkway School District, MoDOT & Patrol Employees' Retirement System, Fire Safety, Joint Committee on Administrative Rules, East Central College, Missouri Gaming Commission, State Emergency Management Agency, Office of the State Public Defender, Joint Committee on Public Employee Retirement, Budget and Planning, State Tax Commission, Truman State University, Office of the State Courts Administrator, Missouri Southern State University, Missouri Western State University, University of Central Missouri, Missouri Consolidated Health Care Plan, Department of Revenue, Department of Higher Education, Department of Economic Development, Office of the State Auditor, Missouri Department of Transportation, Lincoln University, Missouri Veterans Commission, Missouri House of Representatives, Office of the Governor, Department of Insurance, Financial Institutions and Professional Registration and the Department of Health and Senior Services** assume that there is no fiscal impact from this proposal.

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.

No other City, County, or School District responded to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Cost - Office of Administration</u>			
Personal Service	(\$30,859)	(\$38,141)	(\$39,286)
Fringe Benefits	(\$16,182)	(\$20,001)	(\$20,602)
Equipment and Expense	<u>(\$2,010)</u>	<u>(\$328)</u>	<u>(\$337)</u>
<u>Total Cost - Office of Administration</u>	<u>(\$49,051)</u>	<u>(\$58,470)</u>	<u>(\$60,225)</u>
FTE Change - OA	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$49,051)</u>	<u>(\$58,470)</u>	<u>(\$60,225)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Some small businesses may be effected if the contracts that are currently being handled by small businesses are given to the disabled.

FISCAL DESCRIPTION

This bill changes the laws regarding state purchasing as it relates to giving preference to any qualified agency for the blind or the severely disabled. In its main provisions, the bill:

- (1) Requires the Commissioner of the Office of Administration to determine a fair market price for all products and services offered for sale to state agencies and political subdivisions by any qualified nonprofit agency for the blind or the severely disabled;
- (2) Requires the commissioner to develop rules regarding the assignment of products and services to be supplied by nonprofit agencies for the blind and severely disabled;

FISCAL DESCRIPTION (continued)

(3) Authorizes the commissioner to purchase products and services elsewhere when requisitions cannot be reasonably complied by the nonprofit agencies for the blind and the severely disabled;

(4) Requires the commission to publish a list of suitable products and services provided by qualified nonprofit agencies for the blind and severely disabled and to distribute the list to all purchasing officers of the state and its political subdivisions;

(5) Requires all products and services provided by nonprofit agencies for the blind and severely disabled to be procured at the price established by the commissioner if the product or service is available within a reasonable time;

(6) Specifies the language that must be included in all contracts entered into between legislative, executive, or judicial agencies and private contract vendors;

(7) Prohibits the purchase by any state agency of similar products and services at comparable prices and quality from any other source than a nonprofit agency for the blind or severely disabled if the nonprofit agency certifies that its products meet the comparable performance specifications, price, and quality requirements established by the commissioner;

(8) Authorizes the commissioner and any state agency to enter into contractual agreements, cooperative working relationships, or other arrangements with nonprofit agencies for the blind and severely disabled and allows the commissioner to secure information from any state agency in order to develop effective and efficient delivery of products and services;

(9) Requires the head of each state agency to annually submit a report of its purchases to the commissioner who must publish a report of the performance of the state use program to all nonprofit agencies for the blind and the severely disabled, all state agencies, the General Assembly, and the Governor; and

(10) Allows the Governor to appoint a committee of at least eight members to collaborate to further the policy objectives in the bill. The committee must consist of five members of the General Assembly, at least one representative from a qualified nonprofit agency for the blind, at least one representative from a qualified nonprofit agency for the severely disabled, and at least one private citizen.

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

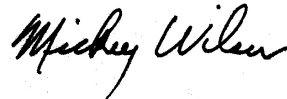
SOURCES OF INFORMATION

Missouri Ethics Commission
Metropolitan Community College
Department of Agriculture
Administrative Hearing Commission
Linn State Technical College
City of Centralia
Francis Howell School District
Office of the State Treasurer
Parkway School District
MoDOT & Patrol Employees' Retirement System
Fire Safety
State Emergency Management Agency
Joint Committee on Administrative Rules
Office of the Attorney General
East Central College
Missouri Gaming Commission
Office of the Secretary of State
Missouri State University
Office of the State Public Defender
Joint Committee on Public Employee Retirement
Budget and Planning
State Tax Commission
University of Missouri
Truman State University
Office of the State Courts Administrator
Missouri Department of Conservation
Missouri Southern State University
Department of Corrections
Missouri Western State University
University of Central Missouri
Missouri Consolidated Health Care Plan
Department of Revenue
Department of Higher Education
Department of Mental Health
Department of Natural Resources
Office of Administration
Department of Economic Development
Office of the State Auditor

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SOURCES OF INFORMATION (continued)

Missouri Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Lincoln University
Missouri Highway Patrol
Missouri Veterans Commission
Missouri House of Representatives
St. Louis County
Office of the Governor
Department of Health and Senior Services
Department of Social Services
Missouri Southern State University



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