

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5982-01
Bill No.: HB 1902
Subject: Disabilities; State Departments; Employees- Employers; Administration, Office of
Type: Original
Date: March 23, 2012

Bill Summary: This proposal establishes provisions relating to the procurement of goods and services by state agencies with persons having significant mental or physical disabilities.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| General Revenue | (\$56,072) | (\$64,772) | (\$65,425) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$56,072) | (\$64,772) | (\$65,425) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| 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 2013 | FY 2014 | FY 2015 |
| Local Government | (Unknown) | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration (OA)** assume DPMM has determined that a Buyer III position is needed to oversee the fulfillment of the tasks stated in this proposal. This position will be responsible for:

Compiling and maintaining the list of products/services determined to be suitable for state agencies. Oversee the approval process for pricing the qualifying goods and services. Review bids, award, and renew contracts. Distribute the listing to the state purchasing officers.

Oversee the determination of the fair market price of all products and services offered for sale by qualifying vendors.

Officials at the **Department of Agriculture, Department of Corrections, Department of Economic Development, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Natural Resources, Department of Revenue, Department of Social Services, Linn State Technical College, Metropolitan Community College, Missouri Department of Transportation, Missouri Veterans Commission, Northwest Missouri State University, Office of Prosecution Services, Office of State Courts Administrator, Office of the State Public Defender, Office of State Treasurer, Parkway School District, St. Louis County and the University of Central Missouri** assume there is no fiscal impact from this proposal.

Officials at the **Department of Conservation** assume based upon the Department's experience with other mandatory no-bid purchasing requirements already in state law, for which pricing is set at "market value", the Department estimates the proposed legislation would have a negative fiscal impact on Department funds greater than \$100,000 annually.

Officials at the **Department of Labor and Industrial Relations** assume there are many uncertainties in this proposal that prevent the Department from determining a fiscal impact. Therefore the Department is unable to estimate whether the proposal will result in a cost savings or additional cost.

Officials at the **Department of Elementary and Secondary Education, Missouri Southern State University, Missouri Western State University and the Office of the State Auditor** assume the impact is unknown.

ASSUMPTION (continued)

Officials at the **City of Kansas City** assume this proposal will have a fiscal impact on the City but the cost is unknown. The fiscal impact on the City will depend on the cost differential of the prices offered by qualifying vendors under the statute versus the prices the City would pay after a solicitation. The quantity of items the City needs to purchase from the qualified vendors could also increase the cost.

Officials at the **University of Missouri** assume this proposal has the potential to have significant impact on our ability to act independently from the State in purchasing matters such as defining best value from the university perspective and making independent decisions on supplier selections that are deemed in our best interest. As an estimate of the potential impact the University would loosely estimate that if 10% of our budget or approximately \$700,000 were to be subjected to this change, in our experience we save from 18-30% over typical similar programs offered by GPO's, State Contracts etc. so the dollar impact could range from \$126,000 to \$378,000 or more. Substantiating the real dollar impact would be very difficult based on the limited information in the document.

Officials at the **Missouri State University** assume additional unknown costs from the following: Labor would be greater in searching for and evaluating disabled vendors and their specifications to ensure the purchase of like quality products. Contract administration could also be more labor intensive. Pricing might not be as competitive as pricing available from large volume contracts. Services from the vendor services might not be as extensive. Competition could also be restricted by promoting the utilization of a disabled vendor. Fees of up to one percent of the gross value of any contract awarded to a qualifying vendor under the provisions of this section shall be collected by the Office of Administration to cover the cost of administration of this section.

Officials at the **City of Columbia** assume a possible impact which could be mitigated by the apparent ability to consider cost competitiveness.

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

ASSUMPTION (continued)

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 2013 (10 Mo.) | FY 2014 | FY 2015 |
|--|--------------------------|--------------------------|--------------------------|
| GENERAL REVENUE | | | |
| <u>Cost - Office of Administration</u> | | | |
| Personal Service | (\$34,760) | (\$42,129) | (\$42,550) |
| Fringe Benefits | (\$18,402) | (\$22,303) | (\$22,526) |
| Equipment and Expenses | <u>(\$2,910)</u> | <u>(\$340)</u> | <u>(\$349)</u> |
| <u>Total Cost- Office of Administration</u> | (\$56,072) | (\$64,772) | (\$65,425) |
| FTE Change - OA | 1 FTE | 1 FTE | 1 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$56,072)</u> | <u>(\$64,772)</u> | <u>(\$65,425)</u> |
| Estimated Net FTE on General Revenue | 1 FTE | 1 FTE | 1 FTE |

| <u>FISCAL IMPACT - Local Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|---|-------------------------|-------------------------|-------------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Cost - of implementing this proposal</u> | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

FISCAL IMPACT - Small Business

Small businesses that had been competing for business would be impacted.

FISCAL DESCRIPTION

This proposal establishes provisions relating to the procurement of goods and services by state agencies with persons having significant mental or physical disabilities.

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

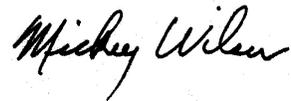
City of Columbia
City of Kansas City
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Revenue
Department of Social Services
Linn State Technical College
Metropolitan Community College
Missouri Department of Transportation
Missouri State University
Missouri Southern State University
Missouri Veterans Commission
Missouri Western State University
Northwest Missouri State University
Office of Administration
Office of Prosecution Services
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
Parkway School District

JH:LR:OD

L.R. No. 5982-01
Bill No. HB 1902
Page 7 of 7
March 23, 2012

SOURCES OF INFORMATION (continued)

St. Louis County
University of Central Missouri
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA
Director
March 23, 2012