

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6385-01
Bill No.: HB 2169
Subject: Office of Administration
Type: Original
Date: April 4, 2014

Bill Summary: This proposal modifies provisions relating to state procurement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- 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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Purchasing and Materials Management (DPMM)** assume there is no fiscal impact from this proposal.

Officials at the **Department of Corrections**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health**, the **Department of Public Safety**, the **Department of Public Safety's Capitol Police**, the **Department of Social Services** and the **State Emergency Management Agency** each defers to the Office of Administration's Division of Purchasing and Materials Management for fiscal impact.

Officials at the **Department of Conservation** assume an unknown fiscal impact on the Department due to the uncertainty of the reverse auction process.

Officials at the **Department of Revenue** assume that currently state agencies must competitively bid products or services costing between \$3,000 and \$24,999. The DPMM is responsible for competitively bidding products or services costing \$25,000 or more. The proposed legislation raises the competitive bidding thresholds for state agencies to \$10,000 and DPMM's to \$100,000.

Under the proposed legislation, and if OA requires agencies to bid goods and services between \$10,000 and \$100,000, the Department would be responsible for approximately 10 bids and contract management that is currently handled by DPMM. The Administration Division would need an additional FTE (Procurement Officer I) and the associated expense and equipment costs to administer the additional contracts.

Officials at the **Department of Natural Resources** assume the resources devoted partly to competitive bids would experience some insignificant time savings from increasing the threshold to ten thousand dollars, which would be offset by the new responsibility for taking on the bids for purchases between \$25,000 and \$100,000. Therefore, the department would not anticipate a fiscal impact as a result of the proposed legislation.

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

ASSUMPTION (continued)

Officials at the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Public Safety's Division of Alcohol and Tobacco Control**, the **Missouri Department of Transportation**, the **Missouri Gaming Commission**, the **Missouri Highway Patrol**, the **Office of Prosecution Services**, the **Office of the State Auditor**, the **Office of State Courts Administrator**, the **Office of the State Public Defender** and the **Office of State Treasurer** each assume there is no fiscal impact to their respective organizations 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.

Oversight assumes that raising the purchasing limits from \$3,000 to \$10,000 would not fiscally impact the state agencies as agencies currently bid projects up to \$24,999. Oversight assumes that raising the purchasing limit from \$25,000 to \$100,000 would require some projects currently handled by DPMM to be handled by the state agencies. Oversight assumes that the agencies can absorb these projects with existing resources; however, should the number of projects significantly increase an agency's workload they could request additional resources through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

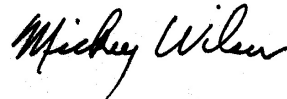
SOURCES OF INFORMATION

Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
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 Public Safety
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Missouri Gaming Commission
Missouri Highway Patrol
Office of Administration
 Division of Purchasing and Materials Management
Office of Attorney General
Office of Prosecution Services
Office of the Secretary of State

JH:LR:OD

SOURCES OF INFORMATION (continued)

Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
State Emergency Management Agency



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April 4, 2014

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April 4, 2014