

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 24, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB273 by Truitt (Relating to certain purchasing procedures for school districts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB273, As Introduced: a negative impact of (\$188,000) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	(\$188,000)
2010	(\$188,000)
2011	(\$188,000)
2012	(\$188,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	\$0	0.0
2009	(\$188,000)	1.1
2010	(\$188,000)	1.1
2011	(\$188,000)	1.1
2012	(\$188,000)	1.1

Fiscal Analysis

The bill prescribes additional duties and responsibilities to the State Auditor's Office (SAO) that would be proposed in the SAO's annual audit plan for Legislative Audit Committee Approval.

Section 2 of the bill would limit management fees paid by school districts under certain cooperative purchasing contracts to two percent and would require school districts to prepare an annual report of the amount and disposition of such fees. The bill would provide authority for the State Auditor to audit the management fee reports. The SAO estimates cost to the state for these activities to be \$188,000 annually.

Methodology

For the purpose of this estimate, it is assumed that the first annual reports of management fees would be available for audit in FY2009. Beginning in FY2009, the State Auditor's Office assumes selection of approximately 20 school districts annually for audit of these reports. Direct time for the auditing reports at selected ISDs would be estimated to total 1,750 hours each year. Total FTEs are estimated on the basis of 1,600 direct hours per year per FTE.

Local Government Impact

School districts would be required to prepare and publicly present an annual report of the amount and disposition of management fees paid under certain cooperative purchasing contracts. Local administrative costs associated with the preparation and presentation of annual reports are not expected to be significant.

Source Agencies: 308 State Auditor's Office, 701 Central Education Agency

LBB Staff: JOB, UP, JSp