

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 13, 2007**

**TO:** Honorable Geanie Morrison, Chair, House Committee on Higher Education

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

**IN RE: SB1064** by West, Royce (Relating to the purchasing and contracting practices of junior college districts; providing criminal penalties.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1064, As Engrossed: a negative impact of (\$208,320) through the biennium ending August 31, 2009.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	(\$208,320)
2010	(\$208,320)
2011	(\$208,320)
2012	(\$208,320)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2007
2008	\$0	0.0
2009	(\$208,320)	2.0
2010	(\$208,320)	2.0
2011	(\$208,320)	2.0
2012	(\$208,320)	2.0

**Fiscal Analysis**

The bill would create a detailed procurement structure through which certain community college districts issue and process bids for contracted goods and services and would require the affected community college districts to issue an annual report of its historically underutilized business contracts on the Internet or in a newspaper of larger circulation.

**Methodology**

The State Auditor's Office (SAO) estimates the bill would require it to conduct four audits per year (two audits at two different community colleges). The SAO estimates each audit would require three months (or 480 hours) of full-time work by audit staff for a total number of 1,920 audit hours. Assuming the SAO's audit billing rate of \$96 per hour, the cost to the SAO would total \$184,320 per year. The SAO's also estimates travel and consultant cost of \$24,000 per year for a total of \$208,320 per year.

## **Local Government Impact**

The bill would require certain community college districts to revise their procurement methods. The cost of this revision would depend on how dissimilar the affected district's current procurement process is from the process required by this bill. This transition cost could be adjusted downwards if the efficiency procedures required by the bill result in a net savings to the district.

The bill would also require affected districts to report their historically underutilized business contracts from the previous fiscal year annually on the Internet or in a larger-circulation newspaper in the community college's service area. Districts opting to purchase newspaper space presumably would incur an additional, if undetermined, cost.

**Source Agencies:** 303 Building and Procurement Commission, 308 State Auditor's Office, 313 Department of Information Resources, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, MN, RT, JAW