

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 6, 2007

TO: Honorable Judith Zaffirini, Chair, Senate Committee on S/C 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1064, Committee Report 1st House, Substituted: 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 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 an auditor 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 in a larger-circulation newspaper in the community college's service area. Purchasing such newspaper space presumably would cost the district an additional, if undetermined, amount of money.

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

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