

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 16, 2009

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

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

IN RE: HB14 by Leibowitz (Relating to the application of certain contract management laws to the Texas Department of Transportation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB14, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from State Highway Fund 6
2010	(\$797,576)
2011	(\$142,711)
2012	(\$142,827)
2013	(\$142,827)
2014	(\$142,827)

Fiscal Analysis

This bill would amend Chapter 2262 of the Texas Government Code, regarding the application of statewide contract management provisions.

The bill would remove the existing Texas Department of Transportation (TxDOT) exemption from statewide contract management provisions for contracts pertaining to highway construction, engineering, maintenance, comprehensive developments, pass-throughs, advance funding, architecture, surveying, right-of-way acquisition, appraisals, scientific services, and aviation agreements.

The change would apply only to a contract for which the solicitation is made on or after September 1, 2009. The bill would take effect September 1, 2009.

Methodology

There are three cost components associated with this bill, two direct and one indirect: (1) training costs; (2) staffing costs; and (3) costs associated with potential delay of contract awards.

The bill would require specific TxDOT employees to obtain contract management training from the Comptroller of Public Accounts Procurement office. TxDOT currently has 222 contract managers and specialists that would be required to obtain this training. Class registration costs are estimated at \$2,300 per person. Related travel would cost approximately \$946, for a total per person expense of \$3,246. Total cost to TxDOT for training during the biennium would be \$792,024 from Fund 06.

The agency would also require an additional contract specialist employee to coordinate the multi-agency approval process for transportation contracts that would be required by the removal of the existing exemption. The total biennial cost for this employee, including benefits and related expenses, is estimated at \$148,262 from Fund 06.

Finally TxDOT believes that the removal of the current exemption could result in indirect costs to the state related to the potential delay of contract awards. Due to the volatility of market pricing in construction services and materials, the agency believes adding a 30-day review to the full process could result in delays that would increase projects costs. The tables above do not reflect this cost because it is assumed the agency can adjust its contract award process to prevent such delays.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 601 Department of Transportation

LBB Staff: JOB, KJG, JI, KY, TG