

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 17, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1681** by Zaffirini (Relating to oversight and management of state contracts.),
Committee Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would require the Comptroller of Public Accounts (Comptroller), by rule, to establish threshold requirements which exclude small or routine contracts and purchase orders from application of Chapter 2262, Government Code, pertaining to statewide contract management; would exempt from application of Chapter 2262 enrollment contracts for multiple vendors for the provision of same or similar goods and services by the health and human services agencies; and would require the Comptroller to develop and consult with agencies in developing forms for use during the contracting process, contract terms, and criteria.

The bill would require the Comptroller to certify contract managers who have completed contract management training and to develop an abbreviated training program for which all members of a governing body, excluding an agency that does not enter into contracts, shall complete. The bill would require the Comptroller to evaluate a vendor's performance based on information reported by state agencies and criteria developed by the Comptroller. The Comptroller would include the review in a vendor performance tracking system.

The bill would require the Contract Advisory Team (CAT) to review and make recommendations on solicitation and final contract documents with a value of at least \$10 million and would limit reviews to compliance with contract management and best practices rather than the purpose or subject of the contract. The bill would direct an agency to comply with recommendations made by CAT or submit a written explanation regarding why the recommendation is not applicable to the contract under review. The bill would authorize CAT to: provide recommendations and assistance to state agencies throughout the contract management process; to coordinate with the Quality Assurance Team on contracts for major information resources projects; and create and periodically review a formula to determine the appropriate level of management and oversight of contracts by state agencies. The Comptroller would be required to oversee the activities of the CAT. The bill would change the composition of CAT by adding a member from the Health and Human Services Commission (HHSC), the Texas Facilities Commission (TFC), and a member from a small agency (with fewer than 100 employees) and removing a member from the Office of the Attorney General (OAG). The OAG would provide legal assistance to the team.

The bill would require the Comptroller to develop recommendations for contract terms with regards to remedies for noncompliance by contractors which agencies would be authorized to

include in contract.

Based on the analyses of the Comptroller, OAG, Office of the Governor, and TFC, it is anticipated that any costs associated with implementation of the bill could be absorbed within existing resources. The Department of Information Resources estimates there would be a minimal cost associated with implementation of the bill and HHSC indicates that costs may be incurred depending on policies and procedures implemented pursuant to the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 529 Health and Human Services Commission

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