

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 17, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3659 by Geren (Relating to state agency contracting.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3659, As Introduced: a negative impact of (\$574,000) through the biennium ending August 31, 2019.

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
2018	(\$287,000)
2019	(\$287,000)
2020	(\$287,000)
2021	(\$287,000)
2022	(\$287,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	(\$287,000)	3.0
2019	(\$287,000)	3.0
2020	(\$287,000)	3.0
2021	(\$287,000)	3.0
2022	(\$287,000)	3.0

Fiscal Analysis

The bill would amend the Government Code and Education Code, relating to state agency contracting.

The bill would amend Chapter 2054 of the Government Code, regarding information resources, to transfer the authority to recommend Department of Information Resources (DIR) oversight of

major information projects from the Quality Assurance Team (QAT) in coordination with the Governor, to the Governor, Lieutenant Governor, or Speaker of the House. DIR would be allowed to contract with a vendor to provide those services.

Under current law, the State Auditor, the Legislative Budget Board (LBB), and DIR have certain duties related to QAT. The bill would add the Comptroller of Public Accounts (Comptroller) to those agencies; require those agencies with the Comptroller to create an automated project review system; require QAT to provide certain annual training for state agency procurement and contract management staff; and specify that the State Auditor serves on QAT as a consultant.

The bill would require state agencies to prepare, in consultation with DIR, a technical architectural assessment for each major information resources project or major contract. The bill would impose certain additional requirements on state agency project plans for major information resources projects or major contracts.

The bill would amend Chapter 2155 of the Government Code, regarding general rules and procedures for purchasing, to require state agencies to adopt a policy on the interaction between their employees and vendors. The bill would clarify that the provisions of Subtitle D (state purchasing and general services) of Title 10 (general government) of the Government Code do not prohibit the exchange of information between a state agency and a vendor related to future solicitations or to monitor an existing contract.

The bill would amend Chapter 2157 of the Government Code, regarding the purchase of automated information systems, to require state agencies to submit a request for pricing for an information technology commodity contract with a value of more than \$50,000, but not more than \$1 million, to at least three vendors (current law imposes that restriction on such contracts with a value of more than \$50,000, but not more than \$150,000). The bill would require state agencies to submit a request for pricing for an information technology commodity contract with a value of more than \$1 million, but not more than \$5 million, to at least six vendors (current law imposes that restriction on such contracts with a value of more than \$150,000, but not more than \$1 million). The bill would prohibit a state agency from entering a contract to purchase an information technology commodity if the value of the contract exceeds \$5 million (current law imposes that prohibition on such contracts with a value of more than \$1 million).

The bill would amend Chapter 2261 of the Government Code, regarding state contracting standards and oversight, and Chapter 8 of the Education Code, regarding regional education service centers, to impose the restrictions and requirements of Subchapter F (ethics, reporting, and approval requirements for certain contracts) of Chapter 2261 on regional educational service centers established under Chapter 8 of the Education Code. For purposes of Chapter 2261, a regional education service center would be considered a state agency and an employee of a regional education service center would be considered a state employee.

The bill would amend Chapter 2262 of the Government Code, regarding statewide contract management. Under current law the Contract Advisory Team (CAT) reviews and makes recommendations on solicitation and contract documents for contracts having a value of at least \$10 million. The bill would lower that threshold to \$5 million.

This bill would take effect September 1, 2017.

Methodology

The Comptroller estimates that it would need 3 additional FTEs and \$287,000 per fiscal year to

implement the provisions of this bill. This administrative cost estimate reflects the funds that would be necessary to hire two specialists IVs and one attorney IV to support the increased workload anticipated due to the lowering of the CAT contract review threshold from \$10 million to \$5 million. Using data from the LBB contract database, the proposed change would have yielded 156 additional contracts eligible for review. The Comptroller indicates that, other than this administrative cost, the bill would have no fiscal impact on the State.

DIR and the Texas Education Agency indicate that the bill would have no fiscal impact on the respective agency.

The University of Texas System indicates, assuming that the system would not have any projects defined as major information resource projects, that the bill would have no fiscal impact on the system.

The State Auditor indicates that it could absorb the costs associated with the bill within its current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 308 State Auditor's Office, 720 The University of Texas System Administration, 302 Office of the Attorney General, 313 Department of Information Resources, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 503 Texas Medical Board, 701 Texas Education Agency

LBB Staff: UP, KK, JPU, DRE, TBo, NV, LCO, JSm, MW