



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 884** HLS 24RS 2084
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2024	11:51 AM	Author: HUGHES
Dept./Agy.: Higher Education		
Subject: Procurement of social and consulting services contracts		Analyst: Chris Henry

PROCUREMENT OR SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to procurement of certain services by public postsecondary education management boards

Proposed legislation would allow postsecondary education management boards to enter into master service contracts on behalf of the institutions under their supervision and control for both social services contracts and consulting services contracts. Master service agreements for social services do not necessitate competitive bidding if the compensation for each campus serviced does not exceed \$250,000 annually. Master service agreements for consulting services do not necessitate competitive bidding if the compensation for each campus serviced does not exceed \$75,000 annually.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is the potential for savings across the operating budgets of postsecondary education institutions from the increased flexibility provided for the procurement of social and consulting services contracts and from utilizing economies of scale to integrate multiple procurements into a larger, single combined effort. There is also the potential effect of higher costs from reducing open competition in the procurement process. The primary funding of these budgets is comprised of SGF and SGR from tuition and fees as seen in the table above. Most institutions report the proposed measure could also result in savings from a reduction in administrative workload.

Current law presently allows a postsecondary institution on its own accord to enter into social services and consulting services contracts without competitive bids if they are below a threshold of \$250,000 or \$75,000 respectively. Proposed law would allow the management board to combine its member institution's thresholds into one and retain the noncompetitive aspect of the procurement. As an illustrative example of the proposed impact, the University of Louisiana System (ULS) could now award a three-year social services contract on behalf of its nine institutions for a total of \$6.75 M (\$250,000 x 9 x 3 years) without undergoing a competitive process such as a request for proposals (RFP).

Note: The majority of institutions in the Louisiana State University System utilize the unique Higher Education Procurement Code in lieu of the Louisiana Procurement Code as authorized through the Louisiana Granting Resources and Autonomy for Diplomas (La Grad) Act (R.S. 17:3139.5). The effects of the proposed legislation would currently only apply to the two LSU Health Science Centers in New Orleans and Shreveport, both of which abide by the standard Louisiana Procurement Code in Title 39.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer