

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 376** HLS 15RS 372
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2015 4:40 PM	Author: HARRIS
Dept./Agy.: Higher Education	Analyst: Charley Rome
Subject: Greater Participation in Federal Grants and Contracts	

PROCUREMENT OR INCREASE GF EX See Note Page 1 of 1
 Grants public postsecondary institutions greater participation in receiving and monitoring contracts and federal grants

Requires Regents to develop a Contracts and Grants Clearinghouse to assist in providing opportunities for institutions to receive, administer, or monitor federal grants. Requires agencies to notify Regents of federal grant programs for which agencies are responsible and to notify Regents prior to initiating competitive RFPs for any contract fully funded by federal funds. Regents shall develop guidelines/procedures to notify public institutions of services funded by federally funded contracts and to coordinate responses of institutions to determine if the services could be performed by employees or students of such institutions. Proposed law only applies to federally funded grant programs excluding programs administered by the Community Development Block Grant (CDBG) Program and grants that require matching funds. Proposed law additionally requires agencies to certify that Regents has determined that proposed professional, personal, consulting, or social service contracts (from any means of finance) over \$5,000 in value are not the type that could be performed by students or employees of a public postsecondary institution.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

State general fund expenditures will increase by indeterminable amounts in FY16 and thereafter due to the proposed legislation. The Board of Regents will incur the following estimated costs to implement the bill: 1). \$200,000 to \$300,000 in one-time funding in FY16 for outside consultant to develop the clearinghouse required by the bill. 2). \$75,000 to \$150,000 per year (including salary and related benefits) in FY16 and thereafter to fund one to two positions to manage all communications from state agencies and higher education institutions. These ranges of estimated costs assume a quick implementation timeline and a high volume of traffic on the clearinghouse site due to the following: large volume of notifications from state agencies, responses/queries from higher education institutions and large file sizes being uploaded to the site. However, the ranges above are estimates, and Regents is unable to determine a precise estimate of the bill's implementation costs at this time.

According to the Division of Administration (DOA), the proposed legislation assigns the following new duties to state agencies (outside higher education): 1). Inform Regents of the existence of the agencies' grant programs. 2). Notify Regents of new services that are 100% federally funded that agencies' plans to issue contract requests for proposal (RFPs), so Regents can query higher education institutions and inform agencies relative to institutions' capacity to perform the functions sought by the RFPs. 3). Delay issuing RFPs until Regents has assured agencies that higher education institutions cannot provide the services sought by the RFPs. 4). Notify Regents of the issuance of RFPs. 5). Certify to the State Chief Procurement Officer (OSP) that Regents reports that higher education institutions cannot provide the services requested in professional and social services contracts over \$5,000. These responsibilities will require additional staff and resources by affected agencies, but there is no way to estimate these administrative costs at this time. The DOA also reported the following issues that could increase agency delays and administrative costs: 1). No time frame for agency waiting periods for responses from Regents regarding the ability/capacity of higher education institutions to perform service before agencies can proceed with RFPs. Unspecified delays could be problematic for agencies and increase their costs. 2). The bill does not define "readily susceptible of being performed by persons who are employed by or students of a public postsecondary institution" and it is unclear who makes this determination. 3). The bill does not address pricing of services provided by higher education institutions and it is unclear how pricing would be determined.

REVENUE EXPLANATION

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

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| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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