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FISCAL IMPACT REPORT

SPONSOR Tallman ORIGINAL DATE 1/23/19
 LAST UPDATED 3/10/19 HB _____

SHORT TITLE Procurement Functions to GSD SB 88/aHJC

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee amendment to Senate Bill 88 strikes the entirety of Section 1 of the bill which deals with the duties of the Financial Control Division of the Department of Finance and Administration (DFA). This section will be replaced with a new section of the Procurement Code requiring all state agencies to make an annual report to the Purchasing Division of the General Services Department (GSD) on the amount of state agency contracts awarded to in-state and out-of-state contractors.

Synopsis of Original Bill

Senate Bill 88 transfers professional services contracts oversight functions from the Department of Finance and Administration (DFA) to the General Services Department (GSD). It requires sole source and emergency procurements to be posted to the websites of the purchasing agency and the GSD website, narrows and clarifies provisions for emergency procurements, and requires collection of information by DFA about award amounts for in-state and out-of-state contracts.

Section 1 of the bill requires DFA to collect and maintain information on the amount of state agency contracts awarded to in-state and out-of-state contractors. Sections 2 and 3 strike references to DFA in relation to review and award of professional services and small purchase

contracts. Section 4 requires GSD and the central purchasing office of any government entity to post intent to award a sole source contract to its website 30 days prior to the procurement. Section 5 alters the test for award of emergency procurement but maintains that agencies show an immediate need to make the procurement related to a serious threat to public health, welfare, safety or property caused by disasters enumerated in the section. Section 6 transfers all employees and related equipment, funding, and records from the contract review bureau at DFA to GSD.

FISCAL IMPLICATIONS

SB88 requires the transfer of the contracts review bureau at DFA to GSD. The bureau consists of three positions of which two are currently filled. While the transfer will not create direct savings, GSD noted potential time savings to agencies as a result of a streamlining definitions for sole source and emergency procurements and centralizing processes and procedures for contract execution in a single state agency.

SIGNIFICANT ISSUES

Currently, GSD has authority over procurement of non-professional services, construction and tangible personal property while DFA has authority over contracts for professional services. As a result of this division of authority, entities desiring to procure various services and/or goods and enter into a contract follow two different contract approval processes based on the contract type. Currently, there is no centralized location or repository for all procurement-related records. GSD recently implemented a procurement tracking system that follows and preserves procurements performed through GSD from inception to award. Adding professional services contracts and procurement documents into this system would take minor enhancements at most.

DFA notes it may be unable to comply with provisions of SB88 requiring the department to collect and maintain information on the amount of state agency contracts awarded to in-state contractors as the transfer of authority over professional services contracts to GSD will result in DFA not having access to the data needed to comply with the requirement.

PERFORMANCE IMPLICATIONS

GSD notes the following:

This bill centralizes and standardizes contract oversight and approval for professional and general service contracts. This legislation is the basis of a “one-stop procurement/contract shop” for contract procurement processing and a single contract approval location. This step would provide greater efficiency and less confusion for entities requiring contract approvals. The amendment to the sole source and emergency procurement sections of the Procurement Code centralizes where to search for such procurements and greatly enhances transparency and openness in the use of those procurement methodologies.

ADMINISTRATIVE IMPLICATIONS

DFA will need to update 28,000 vendor records in SHARE to reflect proper in-state and out-of-state classifications. While DFA noted the more restrictive definition of an emergency may

“cause some essential services to cease”, the agency did not specify what services may be impacted or the specific restriction that would threaten the services.

OTHER SUBSTANTIVE ISSUES

SB88 requires posting of emergency procurement on the central purchasing office’s website, if it maintains one, as well as on the State Purchasing Agent’s website. This will mean that local public bodies will have to post sole source procurements on the GSD website whereas in the past this was an elective decision on the part of local public bodies. These additional postings add transparency and completeness to the picture of emergency procurement throughout the state.

CJ/al/gb