

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0620-04
Bill No.: SCS for SB 168
Subject: Contracts and Contractors; Elementary and Secondary Education
Type: Original
Date: March 1, 2019

Bill Summary: This proposal creates new requirements for contract bidding by school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will result in no cost to their organization.

Officials from **Springfield Public Schools** assume this proposal could:

- allow for more opportunity for bidders, when similar products/equipment on acceptable; the district, however, could be challenged within certain select proprietary equipment
- a project's schedule/time line of a project could be extended
- the end users would also be inconvenienced by waiting for approval of goods/services as a new bid would need to be released/awarded/approved.

The fiscal impact to the district would be approximately \$500 in costs per project.

Officials from **Parkway Schools** assume this proposal takes owner specification of products/equipment away. This gives all rights to the contractor to provide any equipment, sub-par, etc. Takes all rights away from owner to provide review of contractor bid components by licensed architect, engineer, or district employees to ensure it meets owners specifications. This also potentially extends the bid time if three bids are not received initially. While the fiscal impact initially may be a savings, it may have long term maintenance and replacement cost implications and costs.

Officials from **Wellsville-Middletown R-1 School District** assume this proposal limits the ability of the district to determine if a product bid to specifications actually meets the specifications. It will protect those vendors of substandard products instead of allowing schools to purchase products and services that they know will suit their needs.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information that we have. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight notes that the responding school districts stated the proposal could result in unknown costs to their districts. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range of impact from \$0 to an unknown cost.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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SCHOOL DISTRICTS

<u>Cost</u> - potential lower quality products resulting in additional repairs and longer bid times	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal creates new requirements for contract bidding by school districts.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Springfield Public Schools



Kyle Rieman
Director
March 1, 2019

Ross Strobe
Assistant Director
March 1, 2019