

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3366 **STATUS:** A Engrossed
SUBJECT: Reporting on consulting services contracts for state agencies
GOVERNMENT UNIT AFFECTED: Department of Administrative Services and all state agencies that, through contract or subcontract, pay for consulting services
PREPARED BY: Dallas Weyand
REVIEWED BY: Adrienne Sexton
DATE: June 8, 2007

Department of Administrative Services	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES: Other Funds		
Personal Services	\$ 400,775	\$ 1,307,273
Services & Supplies	\$ 117,946	\$ 226,775
Database reporting and interface systems development	\$ 6,500,000	\$ 10,500,000
	\$ 7,018,000	\$ 12,034,048

Department of Transportation	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES: Other Funds		
Personal Services and Services & Supplies	\$ 55,000	\$ 46,500

Other State Agencies – see comments

POSITIONS / FTE:

Department of Administrative Services	2 / 1.50	10 / 9.93
Department of Transportation	1 / 0.38	1 / 0.50

EFFECTIVE DATE: January 1, 2008

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill would require significantly more reporting of information on any consulting services contract or subcontract for a state agency that is for more than \$50,000. Consulting services are broadly defined to include such wide ranging services as mental health services, legal, auditing, engineering, research, evaluation and training services. The bill requires submission of detailed reports by all contractors that include for each employment category within each contract, the number of employees employed to provide services under the contract, the number of hours worked, and employees’ total compensation under each contract.

State agencies must collect and compile this data and provide it along with detailed information on number of contracts entered into, name and address of each contractor, dollar value of each contract, services performed, and whether competitive bidding was used. They would submit their reports to the Department of Administrative Services that would then compile it, along with other additionally required

information, into one annual report to be submitted to the Legislative Assembly and the Governor not later than 180 days after the end of each fiscal year.

The Department of Administrative Services anticipates significant costs to add database interface capacity to its existing web-based Oregon Procurement Information System (ORPIN). It will also have to make modifications to the ORPIN system to be able to receive and collate the information. Additional modifications will be necessary to interface with the State Financial Management System to obtain and report expenditure data, and to other agency stand alone expenditure systems such as Oregon Department of Transportation (ODOT).

ODOT's fiscal impact assumes development of a system by DAS and that ODOT will need only additional staff to do data input. We have not received information from other state agencies, but expect that there could be similar costs at the Department of Human Services for its mental and other health services contracts. Nor have we estimated any additional costs for systems modifications that other state agencies may have to make for purposes of the bill.

Additionally, it is not unreasonable to expect that actual contract and subcontract costs will increase for the additional reporting requirements placed on contractors and subcontractors by the bill. These costs cannot be reasonably estimated, but can be expected to be incorporated in bids and proposals.