

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

05/30/15
Date

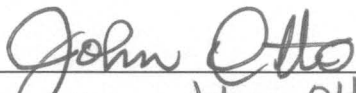
Honorable Dan Patrick
President of the Senate

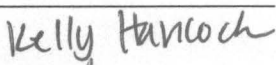
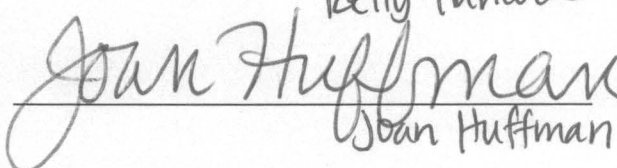
Honorable Joe Straus
Speaker of the House of Representatives


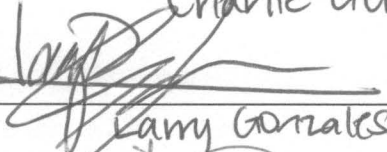
Sirs:

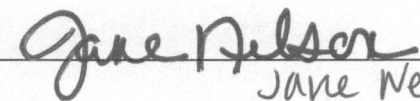
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 15 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.



Kenn Elife


John Otto

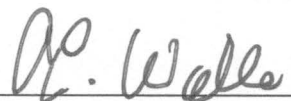

Kelly Hancock

Joan Huffman


Charlie Green

Kamy Gonzales


Jane Nelson


Linda Koop

On the part of the Senate
Carlos Uresti


On the part of the House Armando Walle

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 15

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the management and oversight of state contracts,
3 including contracts for information technology commodity items.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 821.009(b), Government Code, is amended
6 to read as follows:

7 (b) Notwithstanding any other law and in addition to the
8 requirements of Subchapter E, Chapter 2262, before a contract
9 described by Subsection (a) may be entered into by the retirement
10 system, a representative of the office of the attorney general
11 shall review the form and terms of the contract and may make
12 recommendations to the retirement system for changes to the
13 contract if the attorney general determines that the office of the
14 attorney general has sufficient subject matter expertise and
15 resources available to provide this service.

16 SECTION 2. Section 825.103(g), Government Code, is amended
17 to read as follows:

18 (g) Notwithstanding any other law and except as provided by
19 Section 2262.202, Chapters 2261 and 2262 do not apply to the
20 retirement system. The Contract Management and Oversight
21 [~~Advisory~~] Team shall assist the retirement system at the request
22 of the retirement system. The retirement system may use the
23 training program for contract management provided under Chapter
24 2262.

1 SECTION 3. Section 2054.065(a)(2), Government Code, is
2 amended to read as follows:

3 (2) "Team" means the Contract Management and Oversight
4 [~~Advisory~~] Team established under Subchapter E [€], Chapter 2262.

5 SECTION 4. Sections 2165.356(a) and (b), Government Code,
6 are amended to read as follows:

7 (a) Not later than the 60th day before the date the
8 commission is scheduled to vote on approval of a qualifying project
9 contract, the commission must submit to the Contract Management and
10 Oversight [~~Advisory~~] Team established under Subchapter E [€],
11 Chapter 2262, documentation of the modifications to a proposed
12 qualifying project made during the commission's evaluation and
13 negotiation process for the project, including a copy of:

- 14 (1) the final draft of the contract;
15 (2) the detailed qualifying project proposal; and
16 (3) any executed interim or other agreement.

17 (b) The Contract Management and Oversight [~~Advisory~~] Team
18 shall review the documentation submitted under Subsection (a) and
19 provide written comments and recommendations to the
20 commission. The review must focus on, but not be limited to, best
21 practices for contract management and administration.

22 SECTION 5. Section 2166.2551, Government Code, is amended
23 to read as follows:

24 Sec. 2166.2551. CONTRACT NOTIFICATION. The commission or
25 an agency whose project is exempted from all or part of this chapter
26 under Section 2166.003 shall provide written notice to the
27 Legislative Budget Board of a contract for a construction project

1 if the amount of the contract, including an amendment,
2 modification, renewal, or extension of the contract, exceeds
3 \$50,000 [~~\$14,000~~]. The notice must be on a form prescribed by the
4 Legislative Budget Board and filed not later than the 10th day after
5 the date the agency enters into the contract.

6 SECTION 6. Section 2254.006, Government Code, is amended to
7 read as follows:

8 Sec. 2254.006. CONTRACT NOTIFICATION. A state agency,
9 including an institution of higher education as defined by Section
10 61.003, Education Code, shall provide written notice to the
11 Legislative Budget Board of a contract for professional services,
12 other than a contract for physician or optometric services, if the
13 amount of the contract, including an amendment, modification,
14 renewal, or extension of the contract, exceeds \$50,000 [~~\$14,000~~].
15 The notice must be on a form prescribed by the Legislative Budget
16 Board and filed not later than the 10th day after the date the
17 agency enters into the contract.

18 SECTION 7. Section 2254.0301(a), Government Code, is
19 amended to read as follows:

20 (a) A state agency shall provide written notice to the
21 Legislative Budget Board of a contract for consulting services if
22 the amount of the contract, including an amendment, modification,
23 renewal, or extension of the contract, exceeds \$50,000 [~~\$14,000~~].
24 The notice must be on a form prescribed by the Legislative Budget
25 Board and filed not later than the 10th day after the date the
26 entity enters into the contract.

27 SECTION 8. Section 2262.001(1), Government Code, is amended

1 to read as follows:

2 (1) "Team" means the Contract Management and Oversight
3 ~~[Advisory]~~ Team created under Subchapter E ~~[C]~~.

4 SECTION 9. Section 2262.0015, Government Code, is amended
5 to read as follows:

6 Sec. 2262.0015. APPLICABILITY TO CERTAIN CONTRACTS.

7 (a) The comptroller by rule shall establish threshold
8 requirements that exclude small or routine contracts, including
9 purchase orders, from the application of Subchapters A, B, and D
10 ~~[this chapter]~~.

11 (b) Subchapters A, B, and D do ~~[This chapter does]~~ not apply
12 to an enrollment contract described by 1 T.A.C. Section 391.183 as
13 that section existed on November 1, 2013.

14 SECTION 10. Section 2262.002(b), Government Code, is
15 amended to read as follows:

16 (b) Except as otherwise provided by this chapter, this
17 ~~[This]~~ chapter does not apply to contracts of the Texas Department
18 of Transportation that:

19 (1) relate to highway construction or highway
20 engineering; or

21 (2) are subject to Section 201.112, Transportation
22 Code.

23 SECTION 11. Chapter 2262, Government Code, is amended by
24 adding Subchapter E to read as follows:

25 SUBCHAPTER E. CONTRACT MANAGEMENT AND OVERSIGHT TEAM

26 Sec. 2262.201. DEFINITIONS. In this subchapter:

27 (1) "High-risk contract" means a state agency contract

1 or purchase order that:

2 (A) has a value of at least \$10 million;

3 (B) has a value of less than \$10 million, but has
4 high-risk factors as identified by the team;

5 (C) is entered into with an entity that is
6 incorporated outside of the United States;

7 (D) is entered into with an entity that, during
8 the five-year period preceding the date of the purchase or award of
9 the contract, has had a contract with a state agency or federal
10 governmental entity terminated or canceled for:

11 (i) a violation of, or noncompliance with,
12 the terms of the contract;

13 (ii) delivery of an ineffective product,
14 service, or system;

15 (iii) significant delays or cost overruns;

16 (iv) fraud;

17 (v) misconduct; or

18 (vi) any other event that resulted in the
19 termination or cancellation of the contract for cause; or

20 (E) meets other criteria that may be established
21 by the team, including that the contract or purchase order:

22 (i) is awarded by an agency with
23 significant audit findings related to contracting in the previous
24 two fiscal years;

25 (ii) is expected to cost more than 20
26 percent of the awarding agency's budget available from all sources;

27 (iii) outsources a program or key function

1 of a program of the awarding agency;

2 (iv) has a value of more than \$1 million and
3 is awarded on an emergency basis or is a sole source contract; or

4 (v) has a value of more than \$1 million and
5 has change orders that increase the cost of the contract by more
6 than 20 percent of the original contract cost, excluding routine
7 contract renewals.

8 (2) "Major information resources project" has the
9 meaning assigned by Section 2054.003(10).

10 (3) "Quality assurance team" means the quality
11 assurance team established under Section 2054.158.

12 (4) "Solicitation" means a solicitation for bids,
13 offers, qualifications, proposals, or similar expressions of
14 interest for a high-risk contract.

15 Sec. 2262.202. APPLICABILITY OF SUBCHAPTER. (a) This
16 subchapter applies to contracts of the Texas Department of
17 Transportation that:

18 (1) do not relate to highway construction or highway
19 engineering; or

20 (2) are not subject to Section 201.112, Transportation
21 Code.

22 (b) This subchapter does not apply to a contract of the
23 Employees Retirement System of Texas or the Teacher Retirement
24 System of Texas except for a contract with a nongovernmental entity
25 for claims administration of a group health benefit plan under
26 Subtitle H, Title 8, Insurance Code.

27 Sec. 2262.203. ESTABLISHMENT; GENERAL DUTIES. The

1 Legislative Budget Board shall establish a Contract Management and
2 Oversight Team to:

3 (1) develop criteria for identifying high-risk
4 factors in contracts;

5 (2) consult with state agencies on and review
6 high-risk contracts as provided by Section 2262.204;

7 (3) provide recommendations and assistance to state
8 agency personnel throughout the contract management process;

9 (4) coordinate and consult with the quality assurance
10 team on all high-risk contracts relating to a major information
11 resources project; and

12 (5) coordinate and consult with the comptroller to:

13 (A) develop criteria for high-risk contracts
14 under Section 2262.201(1)(E);

15 (B) identify strategies to mitigate contract
16 risks; and

17 (C) monitor contract activity using information
18 from the centralized accounting and payroll system or any successor
19 system used to implement the enterprise resource planning component
20 of the uniform statewide accounting project developed under
21 Sections 2101.035 and 2101.036.

22 Sec. 2262.204. NOTICE AND REVIEW; WAIVER. (a) Each state
23 agency must provide written notice to the team not later than the
24 30th day before the date the agency publicly releases solicitation
25 documents for a high-risk contract.

26 (b) A state agency must submit to the team information and
27 documentation requested by the team that relate to a high-risk

1 contract, including information on contract development, vendor
2 selection, and ongoing contract oversight.

3 (c) The team shall review information and documentation
4 submitted under Subsection (b) and make recommendations to ensure
5 that potential risks related to the high-risk contract have been
6 identified and mitigated.

7 (d) A state agency shall implement the team's
8 recommendations and provide any additional documentation required
9 by the team to demonstrate that risks related to the high-risk
10 contract have been mitigated. If a recommendation made by the team
11 is not implemented, the agency must provide written notice to the
12 team before the 31st day after the date the agency received the
13 recommendation.

14 (e) If, after receiving notice provided under Subsection
15 (d), the team determines that significant risks related to the
16 high-risk contract remain, the team shall provide written notice of
17 that fact to the Legislative Budget Board, the governor, and the
18 comptroller with a description of the risk and recommendations to
19 mitigate the risk, including cancellation of the high-risk
20 contract.

21 (f) The team may adopt criteria for waiving the consultation
22 and review requirements of this section.

23 Sec. 2262.205. SOLICITATION AND CONTRACT CANCELLATION.
24 After review of the written notice provided by the team under
25 Section 2262.204(e), the Legislative Budget Board, the governor, or
26 the comptroller may recommend that a state agency cancel a
27 solicitation or a high-risk contract if:

1 (1) a proposed contract would place the state at an
2 unacceptable risk if executed; or

3 (2) an executed contract is experiencing performance
4 failure or payment irregularities.

5 SECTION 12. Subchapter C, Chapter 2262, Government Code, is
6 repealed.

7 SECTION 13. (a) The Contract Advisory Team is abolished.

8 (b) The validity of an action taken by the Contract Advisory
9 Team before the team was abolished by this Act is not affected by
10 the abolition.

11 (c) All powers and duties of the Contract Advisory Team are
12 transferred to the Contract Management and Oversight Team
13 established by this Act.

14 (d) A rule, form, policy, procedure, or decision of the
15 Contract Advisory Team continues in effect as a rule, form, policy,
16 procedure, or decision of the Contract Management and Oversight
17 Team until superseded by an act of the Contract Management and
18 Oversight Team.

19 (e) A reference in law to the Contract Advisory Team means
20 the Contract Management and Oversight Team.

21 (f) Any action or proceeding involving the Contract
22 Advisory Team is transferred without change in status to the
23 Contract Management and Oversight Team, and the Contract Management
24 and Oversight Team assumes, without a change in status, the
25 position of the Contract Advisory Team in a negotiation or
26 proceeding to which the Contract Advisory Team is a party.

27 SECTION 14. Sections 2166.2551, 2254.006, and

H.B. No. 15

1 2254.0301(a), Government Code, as amended by this Act, apply only
2 to a state agency contract for which the agency is required to
3 provide notice to the Legislative Budget Board that is entered into
4 on or after the effective date of this Act.

5 SECTION 15. This Act takes effect September 1, 2015.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

SECTION 1. Section 821.009(b), Government Code, is amended.

SECTION 1. Same as House version.

SECTION 1. Same as House version.

SECTION 2. Section 825.103(g), Government Code, is amended to read as follows:

SECTION 2. Section 825.103(g), Government Code, is amended to read as follows:

SECTION 2. Same as House version.

(g) Notwithstanding any other law and except as provided by Section 2262.202, Chapters 2261 and 2262 do not apply to the retirement system. The Contract ***Management and Oversight [Advisory]*** Team shall assist the retirement system at the request of the retirement system. The retirement system may use the training program for contract management provided under Chapter 2262.

(g) Notwithstanding any other law and except as provided by Section 2262.202, Chapters 2261 and 2262 do not apply to the retirement system. The Contract Advisory Team shall assist the retirement system at the request of the retirement system. The retirement system may use the training program for contract management provided under Chapter 2262. [FA1(1)]

SECTION 3. Section 2054.065(a)(2), Government Code, is amended.

No equivalent provision. [FA1(12)]

SECTION 3. Same as House version.

SECTION 4. Sections 2165.356(a) and (b), Government Code, are amended.

No equivalent provision. [FA1(12)]

SECTION 4. Same as House version.

No equivalent provision.

SECTION __.

Same as House version.

(a) Section 2157.068, Government Code, is amended.

(b) Section 2155.504(a), Government Code, is amended.

(c) The changes in law made by this section apply only in relation to a contract:

(1) for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act;

(2) that is extended or modified on or after the effective date of this Act; or

(3) for which a change order is submitted on or after the

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

SECTION 5. Section 2166.2551, Government Code, is amended.

effective date of this Act. [FA3]

SECTION 5. Same as House version.

SECTION 5. Same as House version.

SECTION 6. Section 2254.006, Government Code, is amended.

SECTION 6. Same as House version.

SECTION 6. Same as House version.

SECTION 7. Section 2254.0301(a), Government Code, is amended.

SECTION 7. Same as House version.

SECTION 7. Same as House version.

SECTION 8. Section 2262.001(1), Government Code, is amended.

No equivalent provision. [FA1(12)]

SECTION 8. Same as House version.

SECTION 9. Section 2262.0015, Government Code, is amended to read as follows:

SECTION 9. Section 2262.0015, Government Code, is amended to read as follows:

Sec. 2262.0015. APPLICABILITY TO CERTAIN CONTRACTS. (a) The comptroller by rule shall establish threshold requirements that exclude small or routine contracts, including purchase orders, from the application of Subchapters A, B, and D ~~[this chapter]~~.

Sec. 2262.0015. APPLICABILITY TO CERTAIN CONTRACTS. (a) The comptroller by rule shall establish threshold requirements that exclude small or routine contracts, including purchase orders, from the application of Subchapters A, B, C, and D ~~[this chapter]~~. [FA1(2)]

(b) Subchapters A, B, and D ~~do [This chapter does]~~ not apply to an enrollment contract described by 1 T.A.C. Section 391.183 as that section existed on November 1, 2013.

(b) Subchapters A, B, C, and D ~~do [This chapter does]~~ not apply to an enrollment contract described by 1 T.A.C. Section 391.183 as that section existed on November 1, 2013. [FA1(3)]

SECTION 9. Same as House version.

SECTION 10. Section 2262.002(b), Government Code, is amended.

SECTION 10. Same as House version.

SECTION 10. Same as House version.

No equivalent provision.

SECTION _____. Section 2262.053(b), Government Code, is amended. [FA4]

Same as House version.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 11. Chapter 2262, Government Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. **CONTRACT MANAGEMENT AND OVERSIGHT TEAM**

Sec. 2262.201. DEFINITIONS. In this subchapter:

(1) "High-risk contract" means a state agency contract or purchase order that:

(A) has a value of at least \$10 million;

(B) has a value of less than \$10 million, but has high-risk factors as identified by the team;

(C) is entered into with an entity that is incorporated outside of the United States;

(D) is entered into with an entity that, during the five-year period preceding the date of the purchase or award of the contract, has had a contract with a state agency or federal governmental entity terminated or canceled for:

(i) a violation of, or noncompliance with, the terms of the contract;

(ii) delivery of an ineffective product, service, or system;

(iii) significant delays or cost overruns;

(iv) fraud;

(v) misconduct; or

(vi) any other event that resulted in the termination or cancellation of the contract for cause; *or*

(E) meets other criteria that may be established by the team, including that the contract or purchase order:

(i) is awarded by an agency with significant audit findings related to contracting in the previous two fiscal years;

(ii) is expected to cost more than 20 percent of the awarding

SENATE VERSION (IE)

SECTION 11. Chapter 2262, Government Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. **REVIEW OF AND RECOMMENDATIONS ON STATE HIGH-RISK CONTRACTS** [FA1(4)]

Sec. 2262.201. DEFINITIONS. In this subchapter:

(1) "High-risk contract" means a state agency contract or purchase order that:

(A) has a value of at least \$10 million;

(B) has a value of less than \$10 million, but has high-risk factors as identified by the team;

(C) is entered into with an entity that is incorporated outside of the United States;

(D) is entered into with an entity that, during the five-year period preceding the date of the purchase or award of the contract, has had a contract with a state agency or federal governmental entity terminated or canceled for:

(i) a violation of, or noncompliance with, the terms of the contract;

(ii) delivery of an ineffective product, service, or system;

(iii) significant delays or cost overruns;

(iv) fraud;

(v) misconduct; or

(vi) any other event that resulted in the termination or cancellation of the contract for cause;

(E) is awarded by an agency with significant audit findings related to contracting in the previous two fiscal years;

(F) is expected to cost more than 20 percent of the awarding

CONFERENCE

SECTION 11. Same as House version.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

agency's budget available from all sources;

(iii) outsources a program or key function of a program of the awarding agency;

(iv) has a value of more than \$1 million and is awarded on an emergency basis or is a sole source contract; or

(v) has a value of more than \$1 million and has change orders that increase the cost of the contract by more than 20 percent of the original contract cost, excluding routine contract renewals.

(2) "Major information resources project" has the meaning assigned by Section 2054.003(10).

(3) "Quality assurance team" means the quality assurance team established under Section 2054.158.

(4) "Solicitation" means a solicitation for bids, offers, qualifications, proposals, or similar expressions of interest for a high-risk contract.

Sec. 2262.202. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies to contracts of the Texas Department of Transportation that:

(1) do not relate to highway construction or highway engineering; or

(2) are not subject to Section 201.112, Transportation Code.

(b) This subchapter does not apply to a contract of the Employees Retirement System of Texas or the Teacher Retirement System of Texas except for a contract with a nongovernmental entity for claims administration of a group health benefit plan under Subtitle H, Title 8, Insurance Code.

Sec. 2262.203. ESTABLISHMENT; GENERAL DUTIES. The Legislative Budget Board shall establish a Contract Management and Oversight Team to:

SENATE VERSION (IE)

agency's budget available from all sources;

(G) outsources a program or key function of a program of the awarding agency;

(H) has a value of more than \$1 million and is awarded on an emergency basis or is a sole source contract; or

(I) has a value of more than \$1 million and has change orders that increase the cost of the contract by more than 20 percent of the original contract cost, excluding routine contract renewals. [FA1(5)-(7)]

(4) "Solicitation" means a solicitation for bids, offers, qualifications, proposals, or similar expressions of interest for a high-risk contract.

Sec. 2262.202. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies to contracts of the Texas Department of Transportation that:

(1) do not relate to highway construction or highway engineering; or

(2) are not subject to Section 201.112, Transportation Code.

(b) This subchapter does not apply to a contract of the Employees Retirement System of Texas or the Teacher Retirement System of Texas except for a contract with a nongovernmental entity for claims administration of a group health benefit plan under Subtitle H, Title 8, Insurance Code.

No equivalent provision. [FA1(8)]

CONFERENCE

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

- (1) develop criteria for identifying high-risk factors in contracts;
- (2) consult with state agencies on and review high-risk contracts as provided by Section 2262.204;
- (3) provide recommendations and assistance to state agency personnel throughout the contract management process;
- (4) coordinate and consult with the quality assurance team on all high-risk contracts relating to a major information resources project; and
- (5) coordinate and consult with the comptroller to:
 - (A) develop criteria for high-risk contracts under Section 2262.201(1)(E);
 - (B) identify strategies to mitigate contract risks; and
 - (C) monitor contract activity using information from the centralized accounting and payroll system or any successor system used to implement the enterprise resource planning component of the uniform statewide accounting project developed under Sections 2101.035 and 2101.036.

Sec. 2262.204. NOTICE AND REVIEW; WAIVER.

(a) - (c)

(d) A state agency shall implement the team's recommendations and provide any additional documentation required by the team to demonstrate that risks related to the high-risk contract have been mitigated. If a recommendation made by the team is not implemented, the agency must provide written notice to the team before the 31st day after the date the agency received the recommendation.

(e) If, after receiving notice provided under Subsection (d),

Sec. 2262.204. NOTICE AND REVIEW; WAIVER.

(a) - (c)

No equivalent provision. [FA1(9)]

(e) If the team determines that significant risks related to the

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

the team determines that significant risks related to the high-risk contract remain, the team shall provide written notice of that fact to the Legislative Budget Board, the governor, and the comptroller with a description of the risk and recommendations to mitigate the risk, including cancellation of the high-risk contract.

(f)

Sec. 2262.205. SOLICITATION AND CONTRACT CANCELLATION. After review of the written notice provided by the team under Section 2262.204(e), *the Legislative Budget Board*, the governor, or the comptroller may recommend that a state agency cancel a solicitation or a high-risk contract if:

- (1) a proposed contract would place the state at an unacceptable risk if executed; or
- (2) an executed contract is experiencing performance failure or payment irregularities.

SECTION 12. Subchapter C, Chapter 2262, Government Code, is repealed.

- SECTION 13. (a) The Contract Advisory Team is abolished.
- (b) The validity of an action taken by the Contract Advisory Team before the team was abolished by this Act is not affected by the abolition.
- (c) All powers and duties of the Contract Advisory Team are transferred to the Contract Management and Oversight Team established by this Act.
- (d) A rule, form, policy, procedure, or decision of the Contract Advisory Team continues in effect as a rule, form,

SENATE VERSION (IE)

high-risk contract remain, the team shall provide written notice of that fact to the Legislative Budget Board, the governor, and the comptroller with a description of the risk and recommendations to mitigate the risk, including cancellation of the high-risk contract. [FA1(10)]

(f)

Sec. 2262.205. SOLICITATION AND CONTRACT CANCELLATION. After review of the written notice provided by the team under Section 2262.204(e) *and other relevant information that may be available*, the governor or the comptroller may recommend that a state agency cancel a solicitation or a high-risk contract if:

- (1) a proposed contract would place the state at an unacceptable risk if executed; or
- (2) an executed contract is experiencing performance failure or payment irregularities. [FA1(11)]

No equivalent provision. [FA1(12)]

No equivalent provision. [FA1(12)]

CONFERENCE

SECTION 12. Same as House version.

SECTION 13. Same as House version.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

policy, procedure, or decision of the Contract Management and Oversight Team until superseded by an act of the Contract Management and Oversight Team.

(e) A reference in law to the Contract Advisory Team means the Contract Management and Oversight Team.

(f) Any action or proceeding involving the Contract Advisory Team is transferred without change in status to the Contract Management and Oversight Team, and the Contract Management and Oversight Team assumes, without a change in status, the position of the Contract Advisory Team in a negotiation or proceeding to which the Contract Advisory Team is a party.

No equivalent provision.

SECTION 14. Sections 2166.2551, 2254.006, and 2254.0301(a), Government Code, as amended by this Act, apply only to a state agency contract for which the agency is required to provide notice to the Legislative Budget Board that is entered into on or after the effective date of this Act.

SECTION 15. This Act takes effect September 1, **2015**.

SECTION __. (a) The comptroller of public accounts shall conduct a study on the implementation of this Act. The study must consider which procedures would best achieve the purposes of this Act, the most appropriate entities to administer those procedures, and any recommended legislation necessary to best achieve the purposes of this Act.

(b) The comptroller of public accounts, based on the study conducted under Subsection (a) of this section, shall issue a report on its findings to the legislature not later than October 1, 2016.

(c) This section takes effect September 1, 2015. [FA2(2)]

SECTION 14. Same as House version.

SECTION 15. *Except as otherwise provided by this Act*, this

Same as House version.

SECTION 14. Same as House version.

SECTION 15. Same as House version.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

Act takes effect September 1, **2017**. [FA2(1)]

No equivalent provision.

SECTION __. Section 2102.005, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 2113.102(a), Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 2162.103(a), Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Sections 2261.001(a) and (c), Government Code, are amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 2261.002, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Subchapter A, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Subchapter B, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. The heading to Subchapter C, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Subchapter C, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Subchapter D, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

House Bill 15
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

No equivalent provision.

SECTION __. The heading to Subchapter E, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 2261.202, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Subchapter E, Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Chapter 2261, Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Sections 2262.051(c) and (d), Government Code, are amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 2262.053(d), Government Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Except as otherwise provided by this Act, this Act applies only in relation to a contract:
(1) for which a state agency first advertises or otherwise solicits bids, proposals, offers, or qualifications on or after the effective date of this Act;
(2) that is extended or modified on or after the effective date of this Act; or
(3) for which a change order is submitted on or after the effective date of this Act. [FA5]

Same as House version.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB15 by Otto (Relating to the management and oversight of state contracts, including contracts for information technology commodity items.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB15, Conference Committee Report: a negative impact of (\$2,644,021) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$1,346,616)
2017	(\$1,297,405)
2018	(\$1,462,607)
2019	(\$1,627,809)
2020	(\$1,793,011)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2015
2016	(\$1,346,616)	11.0
2017	(\$1,297,405)	14.0
2018	(\$1,462,607)	16.0
2019	(\$1,627,809)	18.0
2020	(\$1,793,011)	20.0

Fiscal Analysis

The bill would repeal and amend portions of the Government Code to replace the interagency Contract Advisory Team with a contract management team at the Legislative Budget Board (LBB)

to review high risk contracts and solicitations. The team would review contracts with a value of at least \$10 million as well as contracts below this threshold that meet certain high risk factors. State agencies would be required to provide written notice to the team at least 30 days before publication of the solicitation documents for high risk contracts. The team would review information and documentation to make recommendations to ensure that potential risks related to high-risk contracts have been identified and communicated to the affected agency. If unresolved, the risks would be reported to the Legislative Budget Board, the Governor, and the Comptroller.

Methodology

Based on the number of new contracts currently reported to the LBB that are in excess of \$10 million, it is estimated that the contract management team created by the bill would review approximately 60 new contracts each year for contracts with a value over \$10 million. It is also estimated that the team would review an additional 175 high risk contracts below this monetary threshold. The volume of contract reviews would be dependent on the criteria developed by the team, and therefore, could be greater or less than this estimate.

After initial review of contracts by the team, it is assumed that a certain number of contracts would be subject to ongoing review past the initial solicitation process. The total number of contracts subject to ongoing monitoring after initial review would increase each year as the team completes reviews of contracts and continues to monitor existing contracts through their completion. As a result, it is estimated that the number of FTEs at the LBB would increase from 11 in fiscal year 2016 to 20 in fiscal year 2020. Some of the work load associated with reviewing contracts could be absorbed by existing staff; new FTEs would include a team manager and a mix of contract specialists, attorneys, and staff with IT expertise. Additionally, the LBB would incur one time expenses in the first year for start-up costs associated with the function.

It is also assumed, based on a sample of state agencies, that any workload impacts to state agencies could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 712 Texas A&M Engineering Experiment Station, 450 Department of Savings and Mortgage Lending, 212 Office of Court Administration, Texas Judicial Council, 303 Facilities Commission, 313 Department of Information Resources, 320 Texas Workforce Commission, 405 Department of Public Safety, 454 Department of Insurance, 529 Health and Human Services Commission, 580 Water Development Board, 601 Department of Transportation, 696 Department of Criminal Justice, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

LBB Staff: UP, SZ, MW, TL, SD, KK, JI, KMc, FR, LCO, JLi, KPe, ER, JN

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on HB 15 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

John Otto
(name)

05/30/15
(date)