

SB 26-FN – AS INTRODUCED

2013 SESSION

13-0991

05/04

SENATE BILL

26-FN

AN ACT

authorizing state agencies to enter into audit/cost recovery contracts or shared savings agreements for wireless telecommunications services.

SPONSORS:

Sen. Morse, Dist 22; Sen. Rausch, Dist 19

COMMITTEE:

Executive Departments and Administration

ANALYSIS

This bill authorizes state agencies to enter into audit/cost recovery contracts or shared savings agreements for wireless telecommunications services.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT authorizing state agencies to enter into audit/cost recovery contracts or shared savings agreements for wireless telecommunications services.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Section; Administrative Services; Audit/Cost Recovery Contracts or Shared Savings
2 Agreements for Wireless Telecommunications Services. Amend RSA 21-I by inserting after section
3 21 the following new section:

4 21-I:21-a Audit/Cost Recovery Contracts or Shared Savings Agreements for Wireless
5 Telecommunications Services.

6 I. Any state agency may enter into an audit/cost recovery contract or shared savings
7 agreement for wireless telecommunications services pursuant to which the contractor may be
8 awarded a portion of the savings realized or additional revenue generated as a result of the audit or
9 shared savings agreement.

10 II. Notwithstanding any law to the contrary relating to the award of public contracts, any
11 agency desiring to enter into an audit/cost recovery contract or shared savings agreement for
12 wireless telecommunications services shall do so in accordance with usual contracting procedures
13 and the following provisions:

14 (a) The agency shall issue a public request for proposals, advertised in the same manner
15 as other programs, concerning the provision of an audit/cost recovery contract or shared savings
16 agreement. The request for proposals shall contain terms and conditions relating to submission of
17 proposals, evaluation and selection of proposals, financial terms, legal responsibilities, and other
18 matters as may be required by law and as the agency determines appropriate.

19 (b) Upon receiving responses to the request for proposals, the agency may select the most
20 qualified proposal or proposals on the basis of the experience and qualifications of the proposals, the
21 technical approach, the financial arrangements, the overall benefits to the agency, and other factors
22 determined by the agency to be relevant and appropriate.

23 (c) Upon the approval by the governor and council, the agency may enter into an
24 audit/cost contract or shared savings agreement with the person or company whose proposal is
25 selected as the most qualified based on the criteria established by the agency.

26 (d) The term of any audit/cost recovery contract or shared savings agreement entered
27 into pursuant to this section shall not exceed 20 years from the date of project implementation.

28 (e) Any contract or shared savings agreement entered into shall contain the following
29 annual allocation dependency clause: "The continuation of this contract is contingent upon the
30 appropriation of funds to fulfill the requirements of the contract by the applicable funding authority.

1 If that authority fails to appropriate sufficient funds to provide for the continuation of the contract,
2 the contract shall terminate on the last day of the fiscal year for which allocations were made.”

3 (f) Contracts awarded under this section shall, to the maximum extent practicable, be
4 performance-based contracts that identify objective outcomes and contain performance standards
5 that will be used to measure achievement and milestones that shall be met before payment is made.

6 III. As used in this section, an audit/cost recovery contract or shared savings agreement
7 means a contract under which a contractor provides methods of improving agency functions or
8 administrative processes and the agency pays the contractor an amount equal to a portion of the
9 savings achieved or additional revenue generated by implementation of audit recommendations.

10 2 Effective Date. This act shall take effect 60 days after its passage.

SB 26 FISCAL NOTE

AN ACT authorizing state agencies to enter into audit/cost recovery contracts or shared savings agreements for wireless telecommunications services.

FISCAL IMPACT:

The Department of Administrative Services states this bill, **as introduced**, will decrease state expenditures by \$78,251 in FY 2015 and each fiscal year thereafter. There will be no fiscal impact on state, county, and local revenues, or county and local expenditures.

METHODOLOGY:

The Department of Administrative Services states this bill authorizes state agencies to enter into audit/cost recovery contracts or shared savings agreements for wireless telecommunications services. The proposed legislation defines an audit/cost recovery contract or shared savings agreement as a contract under which a contractor provides methods of improving agency functions or processes and the agency pays the contractor an amount equal to a portion of the savings achieved or the additional revenue generated as a result of the implementation of the audit recommendations. The Department notes the state spent \$972,975 for cell phone service in FY 2012 and for the purposes of their estimation of the fiscal impact of the proposed legislation assumes the same amount would be spent during FY 2013 through 2017. The Department also assumes the audit/recovery contractor can save approximately 20% per year, of which 50% would be paid to the contractor. The Department also assumes a contract start date of July 1, 2014. This allows the Department adequate time to request and review bids, and obtain Governor and Council approval of the final contract. The Department states the estimated annual savings of \$194,595 ($\$972,975 \times 20\%$) would be reduced by 50% (\$97,298) to accommodate payments to the contractor. The Department also states the Department would need to hire a part time accounting technician to retrieve billing data and monitor the savings. The Department estimates the cost of the part time accounting technician would reduce the savings to the state by \$19,047 per year (25 hours per week x \$13.61 per hour x 52 weeks = \$17,693 + (7.65% x \$17,693) = \$19,047). This results in a total estimated reduction of state expenditures of \$78,251 ($\$97,298 - 19,047$) in FY 2015 and each fiscal year thereafter.

The Department estimates expenditure reductions associated with the audit/cost recovery contract to be allocated 40% to the general fund and 60% to other funds. Accordingly, the

Department estimates the proposed legislation will reduce general fund expenditures by \$31,300 ($\$78,251 \times 40\%$) in FY 2015 and each fiscal year thereafter.

This bill does not contain an appropriation or authorization for additional positions.