



contract partner will solicit donations, provide procurement technical assistance, participate in events to inform the business community about PTAP, and make an annual report to the OEDIT on October 1 of each year.

The bill's stated intent is an annual budget of \$800,000 for procurement technical assistance, consisting of \$400,000 each from the state and the federal government. State funds will consist of gifts, grants, and donations totaling at least \$200,000, solicited by the contract partner, and up to \$200,000 in additional cash funds from the new Procurement Technical Assistance Cash Fund (PTACF). The PTACF receives an annual state contribution to PTAP in a transfer of \$220,000 from the state General Fund on each July 1, starting July 1, 2014. Funds in the PTACF are continuously appropriated, and up to \$19,800 (nine percent) of these moneys may be used by the OEDIT for administrative costs in each fiscal year.

State funding for the PTAP beyond its third year (FY 2016-17) may be discontinued by the General Assembly if the contract partner fails to secure at least \$600,000 in total donations, including \$120,000 in cash, by December 1, 2016.

## **Background**

Federal procurement technical assistance is funded through the budget of the Department of Defense (DoD). The Defense Logistics Agency, as part of DoD, awarded \$32.5 million in procurement technical assistance funds in federal fiscal year 2013. These awards are made pursuant to cooperative agreements with states and other agencies, and involve both defense and other federal contracting opportunities.

Under House Bill 13-1301, the OEDIT was responsible for the Procurement Technical Assistance Task Force and a contract for procurement technical assistance with federal matching funds. The OEDIT allocated 0.2 FTE to fulfill its obligations under that bill. Under HB 13-1301, the authorization of state involvement in procurement technical assistance was repealed January 1, 2014.

This bill provides additional detail and definition but concerns PTAP activities that are substantially similar in scope to those under HB 13-1301.

## **State Revenue**

The bill increases state revenue by at least **\$30,000 cash funds in FY 2014-15** and **\$40,000 cash funds in FY 2015-16**. In FY 2016-17 and continuing each subsequent fiscal year for the duration of OEDIT's contract with the contract partner, state revenue will increase by \$50,000 in cash funds. New revenues are based on the bill's direction that gifts, grants, and donations secured by the contract partner may include in-kind contributions but must include at least 15 percent cash in the first contract year, 20 percent cash in the second year, and 25 percent cash in the third year.

**Assumptions.** The fiscal note assumes the state's contract partner is able to meet contractual obligations regarding cash fundraising. In the event that the contract partner fails to raise targeted amounts of gifts, grants, and donations, the fiscal note would be revised to reflect lower state revenues, a lower net transfer from the state General Fund, and the duration of the contract and PTAP may be curtailed as of FY 2016-17.

**State transfers.** For each fiscal year from FY 2014-15 to FY 2019-20, the state treasurer will transfer \$220,000 from the General Fund to the PTACF on July 1. This annual transfer may be reduced after November 1 of any year if the OEDIT determines that the contract partner has not secured at least \$200,000 in gifts, grants, and donations for that year. In the event of a shortfall, the treasurer will transfer an amount equal to the shortfall under \$200,000 from the PTACF back to the General Fund.

**State Expenditures**

**The bill increases state expenditures in the OEDIT by up to \$820,742 in FY 2014-15 and \$820,869 in FY 2015-16.** PTAP costs are primarily to the contract partner, consisting of up to \$800,000 in combined state and federal funds in FY 2014-15 and each subsequent fiscal year for the duration of the PTAP contract. All OEDIT costs are summarized in Table 1.

<b>Table 1. Expenditures Under HB 14-1016</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
PTAP Contract Costs	<b>up to \$800,000</b>	<b>up to \$800,000</b>
OEDIT Administration	<b>\$18,734</b>	<b>\$18,734</b>
Personal Services	\$15,734	\$15,734
FTE	0.2	0.2
Operating Costs - Consulting Services	1,000	1,000
Operating Costs - Conference	2,000	2,000
Centrally Appropriated Costs*	<b>2,008</b>	<b>2,135</b>
<b>TOTAL</b>	<b>up to \$820,742</b>	<b>up to \$820,869</b>

\* Centrally appropriated costs include insurance and retirement benefits.

**PTAP contract costs.** Up to \$800,000 in costs for procurement technical assistance are covered by the PTAP each year. Contract costs include consultation with individual businesses, events and materials intended for the business community, and coordination among economic development organizations and state agencies. Expenditures are evenly split between state funds and federal funds, therefore any reduction of spending on PTAP contract costs below \$800,000 will be apportioned equally between state and federal contributions.

**OEDIT administration.** A program manager currently on the OEDIT staff and conversant in PTAP will carry out the OEDIT's duties under the bill. The fiscal note provides for continued allocation of this manager to the program at 0.2 FTE, with an annual salary of \$70,496. Implementation of the PTAP contract also requires OEDIT to obtain occasional outside consulting services (accounting, procurement support) and attend an annual national conference on federal procurement practices.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

The bill does not require an appropriation. State expenditures from the PTACF are continuously appropriated.

**State and Local Government Contacts**

Treasury  
Governor

Office of Economic Development and International Trade  
Personnel and Administration