



SENATE BILL 759: DOA Efficiency/PED.

2017-2018 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	June 12, 2018
Introduced by:	Sens. Wells, Tarte, Edwards	Prepared by:	Brad Krehely
Analysis of:	Second Edition		Committee Counsel

OVERVIEW: *Senate Bill 759 is a recommendation of the Joint Legislative Program Evaluation Oversight Committee which (1) requires the Department of Administration (Department) to implement a new requirement for State agencies to obtain a 10% reduction from the annual value of each contract as a condition of awarding an amendment that extends the length of the contract except as specifically authorized by the Department, (2) requires the Department to reduce by 5%, the inventory of State-owned passenger vehicles that are under the management of the Department, and (3) directs the Legislative Services Office to assign a division of the General Assembly or contract with a vendor to propose guidelines for determining employee office space usage requirements and to conduct various business case analyses.*

[As introduced, this bill was identical to H1042, as introduced by Rep. Hurley, which is currently in House State and Local Government II.]

BILL ANALYSIS:

Section 1 requires the Department to do all of the following:

- Report to the Joint Legislative Oversight Committee on General Government on the status of the Department's procurement of a contract management system for State agency administered contracted services. The report must be made by December 1, 2018, and every six months thereafter until the implementation of the system has been completed.
- By December 1, 2018, implement a new requirement for State agencies to obtain a 10% reduction from the annual value of each contract as a condition of awarding an amendment that extends the length of the contract except as specifically authorized by the Department. The new requirement does not apply to certain contracts entered into by the Department of State Treasurer that are not subject to public bidding requirements.
- By June 30, 2019, reduce by 5% the June 30, 2018, inventory of State-owned passenger motor vehicles that are under the management of the Department.
- Report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on (1) prior fiscal year results for each identified performance measure set out in Program Evaluation Division Report No. 2018-04, Opportunities Exist to Improve the Efficiencies of the State's Administrative Services, and (2) performance targets for the upcoming fiscal year. The report must be made by December 1, 2018, and each December 1 thereafter.

Section 2 directs the Legislative Services Office to assign an appropriate division of the General Assembly or contract with a vendor to do all of the following:

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- Propose guidelines for determining employee office space usage requirements for each State-owned and leased office facility and make recommendations to ensure that the Department has valid and reliable information to enforce the space usage requirements. The assigned division or vendor must consult with the Department and must consider the feasibility of requiring each agency to enter the office space requirements and facility location of each of its employees into the Integrated HR/Payroll System or State's payroll system that supersedes the current system.
- Conduct a business case analysis to evaluate alternatives to reduce facility management costs and generate additional revenue through the sale or lease of the Old Revenue Building located at 2 South Salisbury Street, Raleigh, North Carolina.
- Conduct a business case analysis of facility management services performed by the Department and consider the expanded use of contracted facility management services.
- Conduct a business case analysis that uses the results from the document scanning pilot study performed by the Department of Revenue to explore potential savings through increased utilization of electronic mail scanning for incoming mail to State agencies.
- Conduct a business case analysis on opportunities to increase revenue receipts from State-owned parking facilities. This analysis includes considering the increasing use of unreserved employee spaces and leasing underutilized employee spaces and visitor spaces to public and private entities.

The assigned division or contracted vendor must report on recommendations for proposed legislation to the Joint Legislative Oversight Committee on General Government by December 1, 2019.

Section 3 requires the Office of State Auditor to conduct a performance audit to identify alternatives to reduce outgoing mail service costs and report its findings to the Joint Legislative Oversight Committee on General Government by June 30, 2019.

Section 4 amends G.S. 143-55 to require that all departments, institutions, and agencies make requisitions only through NC E-Procurement for required purchases through sources certified by the Secretary of Administration. (Previously, the law required that requisition orders be made on forms provided by the Secretary, with a copy of the form provided to the Secretary when requested by the Secretary.) Purchases using other methods, such as purchase cards or purchase orders, are not allowed unless specifically authorized by the Secretary.

EFFECTIVE DATE: Section 4 becomes effective November 1, 2018, and applies to requisitions for purchases occurring on or after that date. The remainder of the act is effective when it becomes law.

BACKGROUND: S.L. 2017-57 directed the Program Evaluation Division to evaluate the efficiency of the divisions and administrative activities of the Department and to provide recommendations to reduce costs. The Program Evaluation Division provided these recommendations in Report No. 2018-04, Opportunities Exist to Improve the Efficiencies of the State's Administrative Services. Senate Bill 759 arose out of the PED report and is a recommendation of the Joint Legislative Program Evaluation Oversight Committee.