

10% AMENDMENTS REPORT – FIRST QUARTER OF 2019

Submitted by Legislative Budget Board Staff as required by Article IX, Section 7.04(g)(h), 2018-19 GAA

This memo summarizes amendments to service contracts in the first quarter of fiscal year 2019 as required by Subsections (g) and (h) of Section 7.04, Article IX, 2018-19 General Appropriations Act.

Section 7.04(g)(h) requires notification of amendments that change an initial contract's value by ten percent or more in the previous reporting period. The rider charges the Legislative Budget Board (LBB) with establishing a procedure for these notifications, which must be transmitted to the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives.

On December 11, 2018, agencies and institutions of higher education were provided a list of amendments reported to the Contracts Database in the previous quarter. These entities were asked to verify and complete the list by January 2, 2019. As of January 11, all institutions had submitted the required report. Overall 100% of the agencies and institutions verified the amendments submitted to the LBB.

For the first quarter of fiscal year 2019, 50 agencies and institutions of higher education reported 933 amendments to the Contracts Database that met the value threshold for Section 7.04(g)(h). **The 933 amendments cumulatively increased their initial contracts' values by over \$3.3 billion.**

FIGURE 1: AMENDMENTS REPORTED IN Q1 2019 BY GAA ARTICLE

Reported by Agencies to LBB Under Section 322.020, Government Code

	Number of Amendments	\$ Increase (Millions)
Article I: General Government	84	\$103.8M
Article II: Health and Human Services	390	\$1,041.1M
Article III: Education	132	\$230.7M
Article IV: Judiciary	0	\$0
Article V: Public Safety	81	\$163.4M
Article VI: Natural Resources	44	\$46.9M
Article VII: Economic Development	198	\$1,715.7M
Article VIII: Regulatory	4	.2M
TOTALS	933	\$3,301.7M

Source: Legislative Budget Board

Some reported amendments were attributable to data entry errors, and others were purchases made on indefinite delivery/indefinite quantity (IDIQ) and zero dollar subscription contracts. However, the vast majority of amendments resulted from actual contract cost increases.

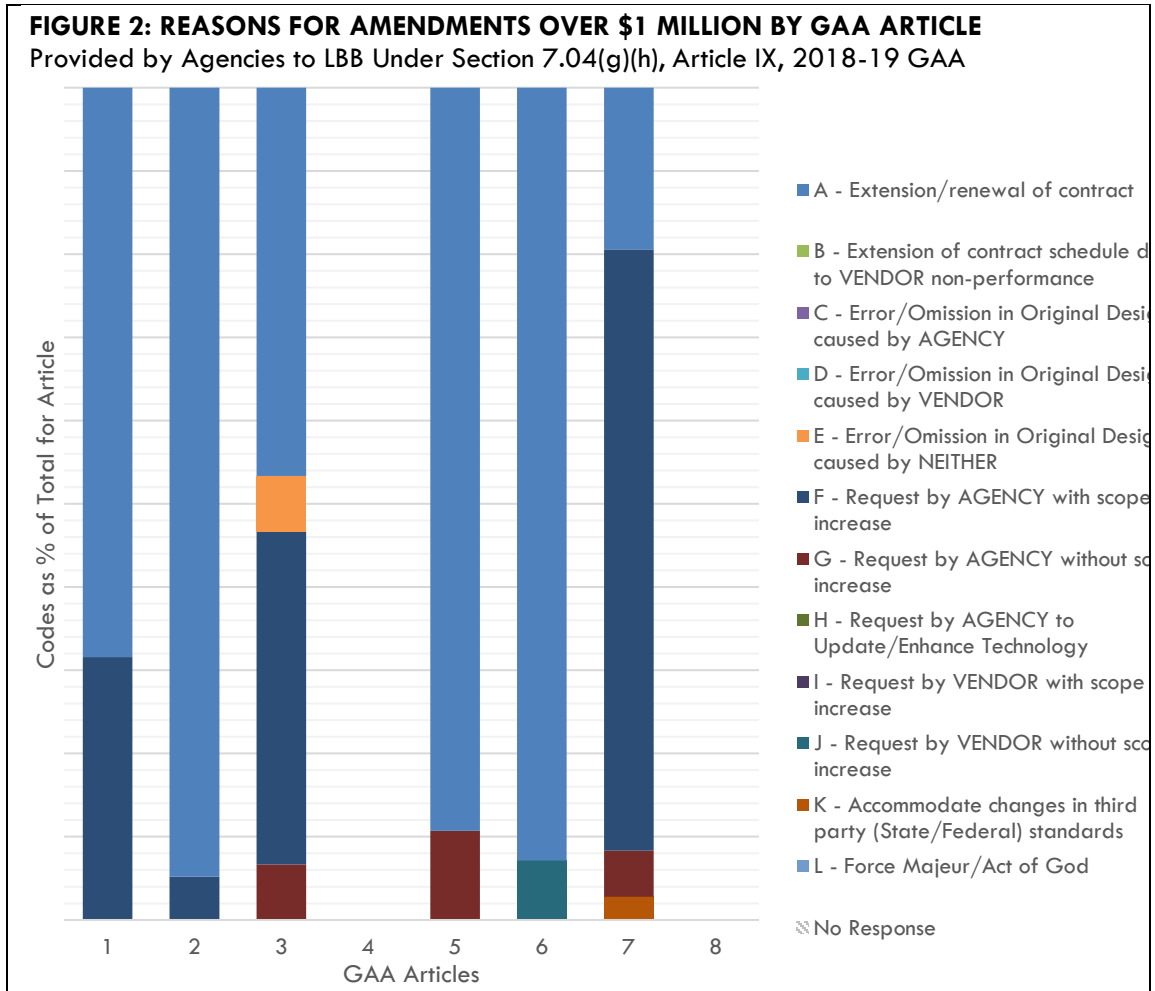
189 of these 933 amendments (20 percent) changed the original contract's value by \$1 million or more. For amendments that change an initial contract's value by \$1 million or more, the reporting procedures established by the LBB require agencies to specify the reason for the change and describe any opportunities for other savings. A breakdown of reasons for these contract amendments is included on the next page.

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The most common explanations for amendments over \$1 million included:

- Agency-requested contract extensions or renewals (73%)
- Agency requests with scope increases (22.2%)



Source: Legislative Budget Board

LBB staff will continue to follow up with agencies on reporting to the LBB Contracts Database in a timely fashion, including when amendments are executed.