

10-PERCENT AMENDMENTS REPORT – THIRD QUARTER OF FISCAL YEAR 2019

Eighty-fifth Legislature, General Appropriations Act, 2018–19 Biennium, Article IX, Section 7.04(g) and (h)

The following summary regards amendments to service contracts as reported by state agencies and institutions of higher education to the Legislative Budget Board (LBB) Contracts Database for the third quarter of fiscal year 2019 as required by the Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium, Article IX, Section 7.04, Contract Notification: Amounts Greater than \$50,000.

Article IX, Section 7.04(g) and (h), requires state agencies and institutions of higher education to notify the LBB of amendments that change an initial contract's value by 10.0 percent or more during the previous reporting period. The provision directs the LBB to establish procedures for these notifications. In accordance with these procedures, LBB staff provide a quarterly report summarizing this information to the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives.

On June 5, 2019, the LBB provided agencies and institutions of higher education a list of amendments reported to the Contracts Database during the previous quarter. The LBB asked these entities to verify and complete the list by June 14. As of July 22, all agencies and all but two institutions had submitted the required report. More than 96.0 percent of the agencies and institutions verified the amendments submitted to the LBB.

For the third quarter of fiscal year 2019, 46 agencies and institutions of higher education reported 921 amendments to the LBB Contracts Database that met the value threshold established in Section 7.04. The 921 amendments cumulatively increased their initial contracts' values by nearly \$1.2 billion.

Article IX, Section 7.04(h)(3), requires state agencies or institutions of higher education to include any opportunity to lessen the cost or to purchase the service from another vendor. No agency or institution of higher education identified an opportunity for savings or using an alternate vendor during this reporting period.

FIGURE 1
AMENDMENTS REPORTED BY GENERAL APPROPRIATIONS ACT ARTICLE
THIRD QUARTER, FISCAL YEAR 2019

ARTICLE	AMENDMENTS	INCREASE (IN MILLIONS)
Article I – General Government	64	\$106.6
Article II – Health and Human Services	245	\$238.9
Article III – Education	172	\$253.6
Article IV – Judiciary	0	\$0.0
Article V – Public Safety and Criminal Justice	94	\$491.6
Article VI – Natural Resources	56	\$21.2
Article VII – Business and Economic Development	290	\$61.1
Article VIII – Regulatory	0	\$0.0
Total	921	\$1,173.0

NOTE: Reported by agencies to the Legislative Budget Board pursuant to the Texas Government Code, Section 322.020.
SOURCE: Legislative Budget Board.

Figure 1 does not show amendments attributable to data-entry errors, and others were purchases made on indefinite delivery/indefinite quantity and zero-dollar subscription contracts. Therefore, the majority of amendments reported resulted from actual contract cost increases.

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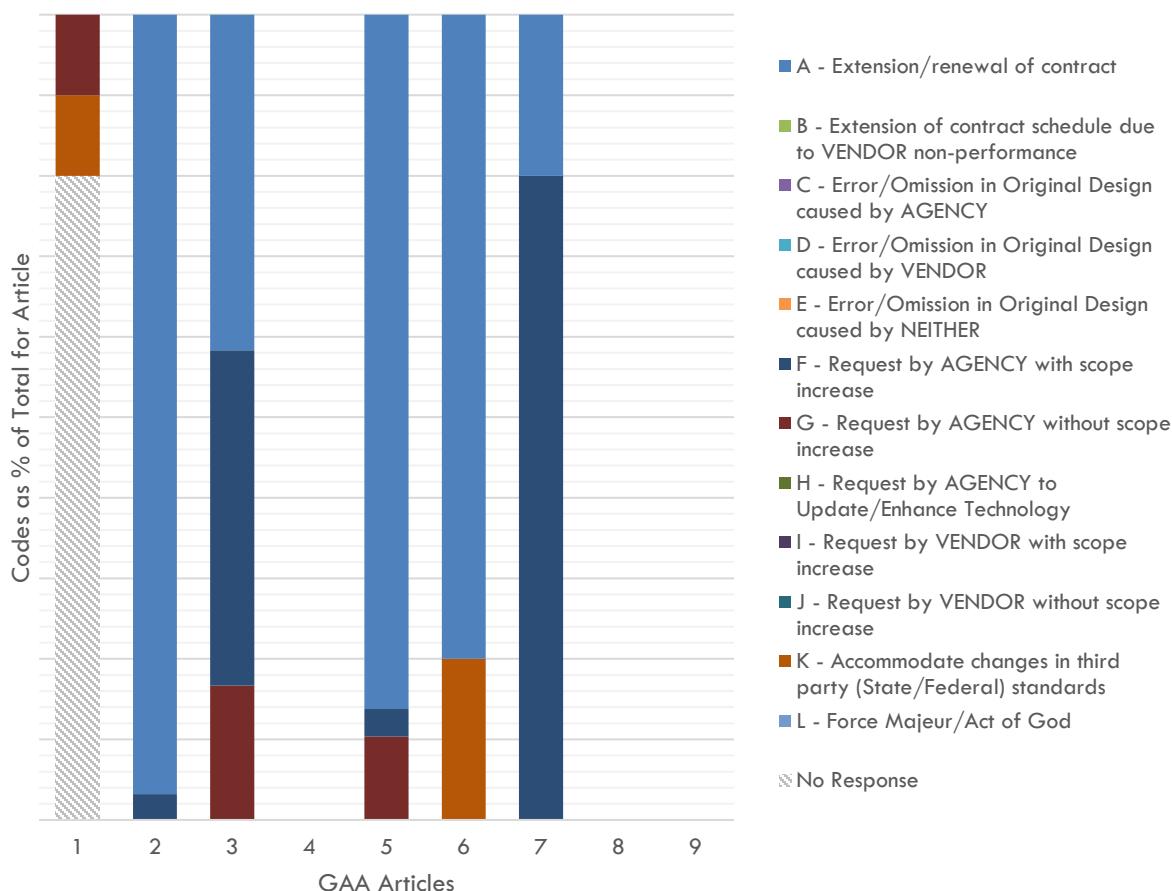
Eighty-fifth Legislature, General Appropriations Act, 2018–19 Biennium, Article IX, Section 7.04(g) and (h)

Ninety-two of the 921 amendments reported, or 10.0 percent, increased the original contract's value by \$1.0 million or greater. For such amendments, the LBB's reporting procedures require agencies to specify the reason for the change and describe any opportunities for other savings. Figure 2 shows the reasons reported for these contract amendments.

The most common explanations for amendments of \$1.0 million or greater included the following factors:

- agency-requested contract extensions or renewals (71.0%); and
- agency requests had scope increases (12.0%).

FIGURE 2
REASONS FOR AMENDMENTS OF \$1.0 MILLION OR GREATER BY ARTICLE



NOTE: Data shown is provided by agencies pursuant to the Eighty-fifth Legislature, General Appropriations Act, 2018–19 Biennium, Article IX, Section 7.04(g) and (h).

SOURCE: Legislative Budget Board.

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