

January 23, 2020

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2455 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2455 is respectfully submitted to your committee.

HB 2455 would incorporate Job Corps-aligned businesses into the required considerations for state contracts. The bill defines “Job Corps-aligned business.” Under current law, a contract is awarded to a certified business or disabled veteran business, that is also a responsive bidder, whose total bid cost is not more than 10.0 percent higher than the lowest competitive bid. The contract is required to contain a promise by the certified business that the percentage of employees that are individuals with disabilities will be maintained throughout the contract term and a condition that the certified business will not subcontract for goods or services in an aggregate amount of more than 25.0 percent of the total bid cost.

The bill would specify that except when a contract is awarded for the above provision, a contract would be awarded to a Job Corps-aligned business that is also a responsible bidder, whose total bid cost is not more than 10.0 percent higher than the lowest competitive bid. The contract would include the following:

1. A promise by the Job Corps-aligned business that at least 5.0 percent of its employees are Job Corps Work-based Learning Program graduates and the percentage of employees that are Job Corps Work-based Learning Program graduates would not decrease throughout the contract term or that the business has entered into a memorandum of understanding with Job Corps for a work-based learning program that would be maintained throughout the contract term, where at least 5.0 percent of its employees are Job Corps Work-based Learning Program graduates; and

2. A condition that the Job Corps-aligned business would not subcontract for goods or services in an aggregate amount of more than 25.0 percent of the total bid cost.

The bill would also require that on and after January 13, 2020, at the beginning of each regular Session of the Legislature, the Secretary of Administration and the Secretary of Labor would jointly submit to various legislative committees specified in the bill a written report on the Job Corps-Aligned Business Contract Preference Program that includes the following information:

1. The number of Job Corps-aligned businesses certified by the Department of Administration as eligible for the award of a contract during the previous fiscal year;
2. The number of certified Job Corps-aligned businesses awarded contracts during the previous fiscal year; and
3. The number of contracts awarded to each certified Job Corps-aligned business during the previous fiscal year.

The Department of Administration states that it cannot estimate a fiscal effect for the bill because the agency does not know how many vendors utilize the Job Corps-Aligned Business Contract Preference Program's individuals as employees or whether the number of employees working for the vendor would rise to the level of 5.0 percent of their employees in order to qualify for the preference. Further, the Department indicates it does not have a way of estimating how many vendors would seek to exercise the preference, the number of bid events involved with the preference, and the value of the bid events involved.

The Kansas Department of Labor indicates enactment of the bill would have a negligible fiscal effect on the agency's operations. Any fiscal effect associated with HB 2455 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Jeff Scannell, Department of Administration
Dawn Palmberg, Department of Labor
Sherry Rentfro, Department of Commerce