

FISCAL IMPACT OF PROPOSED LEGISLATION Measure: SB 768

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Date: 3/17/11

Measure Description:

Requires Oregon Department of Administrative Services to conduct study to assess disparities between availability of and use of disadvantaged, minority or women business enterprises in public contracting and to assess whether discrimination exists.

Government Unit(s) Affected:

Department of Administrative Services (DAS)

Summary of Fiscal Impact:

Indeterminate, please see analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure requires the Department of Administrative Services (DAS) conduct a study on disparities in public contracting and assess whether or not discrimination in contracting exists. DAS must also submit a comprehensive report of the study to the Governor and legislative leadership by January 1, 2013. The disparity study is to cover several items, including identifying the number of qualified minority and woman owned businesses and disadvantaged businesses in the relevant market (industries providing goods or services to state agencies) and comparing that number to the actual number of public contracts awarded to those businesses.

DAS may either conduct the study itself or procure a contractor to complete the work. The measure provides some flexibility to the department or contractor in conducting the study, by allowing the scope to be limited to the department's own contracts, to contracts that contracting agencies subject to the department's procurement authority have awarded or to contracts let under independent procurement authority. This variability and others, including uncertainty about the extent to which DAS or the contractor can take advantage of existing studies, previous finding, or legal actions to help inform the study, make the level of work required indeterminate. Accordingly, the fiscal impact associated with the study is also indeterminate.

An indeterminate fiscal should not be equated with insignificant. Disparity studies are conducted frequently by public entities; a quick online search indicated costs ranging from \$200,000 to just over \$1,000,000 per study. The Oregon Department of Transportation expects to spend about \$350,000 on a disparity study currently underway and being completed by an outside contractor. The bill does not provide a process for DAS to refine the study's scope or develop study costs, nor does it identify a specific source of funding for the study.