



Judicial Council of California
ADMINISTRATIVE OFFICE OF THE COURTS

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April 25, 2014

Hon. Mike Gatto, Chair
Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, California 95814

Subject: AB 1773 (Allen), as amended March 13, 2014 – Fiscal Impact Statement
Hearing: Assembly Appropriations Committee – April 30, 2014

Dear Assembly Member Gatto:

AB 1773 amends the statutory requirements related to the semiannual reports submitted by the Judicial Council to the Joint Legislative Budget Committee and the State Auditor related to the procurement of contracts by and within the judicial branch. Specifically, the bill would add, to the existing requirements, the following elements to be reported:

- a) the complete history of contracts amended during the reporting period including the date of the original contract, the original contract amount and the duration, and all subsequent contract amendments;
- b) whether each contract was competitively bid, the justification for contracts that were not competitively bid;
- c) whether each contract was with a disabled veteran business enterprise;
- d) whether an information technology contract was with a small business, as defined in subdivision (d) of Section 14837 of the Government Code.

Based on the detailed information required by the bill should it be enacted into law, there will be significant costs to the judicial branch related to implementation. There are several factors that aid in the calculation that are described below.

AB 1773 would require a technology fix, at an estimated cost of \$1,675,000. This is a bid for software modules compatible with our systems that would accommodate the competitive bidding reporting requirements contained in the bill. The cost includes the bid process, purchase, installation, and testing/monitoring of the modules, based on estimates from 2011, when the judicial branch previously considered purchasing the modules. A more current, and likely higher, cost for this software package has not been secured. The process of purchasing and installing the new software modules will take approximately two years.

AB 1773 would require inputting (for inclusion in the semiannual reports) complete contract histories dating back to the formation of the contracts amended during the contract period. Completing these histories would require investigating whether each prior amendment to the contract was competitively bid and why or why not. Such information exists only in hard copy or on tape and must be manually retrieved, reviewed, and entered into a database. Of the approximately 21,100 annual contracts statewide, we are assuming that about 50 percent, or 10,550, might be amended over the course of a year and, per the requirements of AB 1773, need to have their histories added to the database for inclusion in the report. At an average hourly rate of \$75 per hour, inclusive of benefits, for appropriate staff, and estimating an hour to enter the data for each contract, the total would be \$791,250. ($1 \times 75 \times 10,550 = \$791,250$)

The total first year costs, including the purchase of key software and the data entry of amended contract information are estimated to be \$2,466,250.

There is also an ongoing data management expense for judicial branch staff, including the courts and Administrative Office of the Courts, to input bidding updates for existing and new contracts. At an average hourly rate of \$75 per hour, inclusive of benefits, of appropriate staff, and estimating a half hour to enter the data for each amended contract once it is already in the computer system, the total would be up to \$395,625 per year. ($.5 \times 75 \times 10,550$)

If you have any questions about the fiscal impacts of ^{AB 1773}~~AB 2034~~, please call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Andi Liebenbaum", followed by the word "for" in a cursive script.

Andi Liebenbaum
Senior Governmental Affairs Analyst

AL/

cc: Members, Assembly Appropriations Committee
Hon. Travis Allen, Member of the Assembly
Mr. Chuck Nicol, Principal Consultant, Assembly Appropriations Committee
Mr. Allan Cooper, Fiscal Consultant, Assembly Republican Fiscal Office
Mr. Paul Dress, Consultant, Assembly Republican Office of Policy
Ms. June Clark, Deputy Legislative Affairs Secretary, Office of the Governor
Ms. Madelynn McClain, Program Budget Analyst, Department of Finance