# STATEMENT OF PURPOSE

## RS22927

The purpose of this legislation is to provide for increased efficiency and accountability at Idaho's public four year higher education institutions and to provide additional flexibility to the four state institutions in managing their unique administrative infrastructures. This bill will provide increased flexibility to the state board to authorize the state college and universities to opt out of identified state services when they can show efficiencies will be gained by such action. Any authorization to discontinue the use of a state service would require the agency impacted be given a minimum of 18 months notice prior to discontinuance. Any such discontinuance would be effective at the start of the next fiscal year. The proposed amendments would allow the institutions to present a case in which independence can improve efficiency and reduce costs to the students.

# FISCAL NOTE

Due to the 18 month notice requirement for opting out of a state provided service, there would be no fiscal impact in FY2014. In subsequent years the fiscal impact of this proposed legislation would be dependent on whether the Board authorized one or more institutions to opt-out of one or more state services, additionally any increase to costs of pooled services would be offset by savings at a given institution. Detailed future fiscal impact is difficult to estimate and would require conducting a bid process for a particular administrative service. The Department of Administration has estimated the potential fiscal impacts to the major programs it oversees. For example, the Department calculated that the college and universities represent 50-60% of the states total insured property values. If all four institutions choose to opt out of the states risk management program, which is unlikely to occur, the rate increase for all remaining state agencies could be as much as .04-.05 per $100 of remaining value. However, the impact would depend on the risk factor for an institution vs. the risk factors for state agencies, and, if the institutions have a higher risk rating the impact could potentially be lower cost to the state. Another example would be opting out of the Idaho Technology Authority. Dollar amount increases, based on identified fixed costs would range from several hundred dollars for smaller agencies to just under $40,000 for the largest agency. The fiscal impact estimates provided by the Department of Administration are based on the unlikely event that all four institutions are authorized to opt out of specific state services under the current cost structure. The estimates do not take into account savings the institutions could realize through a competitive selection process for such services.

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