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H.B. 4720 (S-1): FLOOR ANALYSIS

House Bill 4720 (Substitute S-1 as reported)

Sponsor: Representative Philip LaJoy

House Committee: Education Senate Committee: Education

## **CONTENT**

The bill would amend the Management and Budget Act to require the Department of Management and Budget to create and operate a cooperative bulk purchasing program for school districts, public school academies, nonpublic schools, and intermediate school districts on a fee basis to reduce the costs of purchasing goods and supplies. Fees collected under the program could not exceed the cost of purchasing goods and supplies and reasonable administrative expenses.

Currently, the Department is required to provide assistance to any city, village, county, nonprofit hospital, institution of higher education, junior or community college, school district, or intermediate school district (ISD) for purchasing services on a fee basis. The bill would delete the reference to a school district or ISD in that provision.

MCL 18.1263 Legislative Analyst: Claire Layman

## **FISCAL IMPACT**

<u>State</u>. There would be a cost to the Department of Management and Budget for setting up the cooperative bulk purchasing program. Some or all of these costs could be recouped, however, from the fees collected from the schools purchasing items through the cooperative program. Also, future administrative costs would be paid by the fees charged to the purchasers.

<u>Local</u>. Although local and intermediate school districts and public school academies would have to pay a fee to purchase items from the cooperative bulk purchasing program, these costs could be offset by the potential savings from purchasing items through this cooperative program. The exact amount of costs and/or offsetting savings is indeterminate.

Date Completed: 2-9-04 Fiscal Analyst: Bill Bowerman

Joe Carrasco