



April 16, 2018

**SUMMARY OF ORIGINAL BILL:** Creates the Joint Higher Education Audit Committee (JHEAC). The committee shall be composed of nine members as follows: three members of the Senate, appointed by the Speaker of the Senate; three members of the House of Representatives, appointed by the Speaker of the House of Representatives; the Comptroller of the Treasury, or the comptroller's designee; the executive director of the Tennessee Higher Education Commission (THEC), or the executive director's designee; and the State Treasurer, or the Treasurer's designee.

The JHEAC shall meet in an organizational meeting prior to July 1, 2017, and shall meet as necessary, but not less than four times prior to September 30, 2017. Requires the JHEAC to elect a chair, vice chair, and other officers as it deems necessary at its first meeting. Requires the JHEAC to make a recommendation in regards to the hiring of an audit consultant as soon as possible, but no later than November 30, 2017. Authorizes the JHEAC to perform certain functions including, but not limited to: requesting the assistance of THEC and other departments, agencies, and other governmental agencies in performing duties; employing staff to assist the joint committee in performing its duties, subject to the availability of funds; conducting hearings within the scope of its duties; entering into contracts for technical or professional services; creating subcommittees related to its purpose; performing such duties as required to achieve the objectives of making public higher education systems and institutions operate more efficiently and to make use of state resources in the most efficient manner.

Sets forth duties of the JHEAC which include, but are not limited to: defining the scope of the audit; issuing requests for proposal (RFP) for consulting services in defining and setting the scope of the audit and for the performance of an efficiency audit; reviewing RFP proposals that are received; requesting authorization and funding to implement efficiency audits; and reviewing the audit's findings and recommendations.

The JHEAC shall select an entity for consulting services and make its recommendation to the legislature by November 30, 2017. Requires the State of Tennessee to contract with the selected entity for the performance of efficiency audits of the public higher education institution and systems. Requires the JHEAC to publish reports at the beginning of the 2019 session of the 111th General Assembly, and the 2020 and 2021 sessions of the 112th General Assembly. JHEAC shall report to the General Assembly, the Governor, THEC, and each institution of Higher Education on efforts of the JHEAC in achieving the objectives of making public higher education systems and institutions operate more efficiently.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$2,100/FY16-17  
Exceeds \$106,200/FY17-18  
Exceeds \$104,100/FY18-19 and Subsequent Years

**SUMMARY OF AMENDMENTS (014024, 016541, 017227):** Amendment 014024 deletes and rewrites all language after the enacting clause such that the only substantive changes are to: (1) reduce the JHEAC membership from nine to eight members; (2) delete and replace language of the original bill regarding deadlines and reporting dates; and (3) establish a repeal date of July 1, 2021.

Amendment 016541 deletes and replaces language of Amendment 014024 such that the only substantive changes are to: (1) reduce the JHEAC membership from eight to seven members by removing the Executive Director of THEC; and (2) require the Comptroller of Treasury, or the Comptroller’s designee to serve as chair of the JHEAC.

Amendment 017227 deletes and replaces language of amendments 014024 and 016541 such that the only substantive changes are to: (1) require the JHEAC to meet twice per month during the regular legislative session; (2) authorize the JHEAC to meet no more than twice per calendar year, at the call of the chair, during the time that the General Assembly is not in regular legislative session; (3) require the JHEAC to assign current staff of the General Assembly, at the request of the chair, to provide administrative assistance to the committee; and (4) change the date by which the JHEAC is required to have an initial recommendation as to the hiring of an audit consultant from January 1, 2019, to October 1, 2019.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures –**  
**Exceeds \$104,200/Each Year FY18-19 through FY20-21**

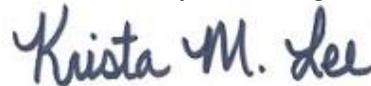
Assumptions for the bill as amended:

- The JHEAC will be composed of seven members; six of whom are members of the General Assembly.
- All meetings outside of legislative sessions will require per diem and travel expense reimbursement for legislative members. No meetings are anticipated until FY18-19.
- Legislative members receive \$229 per diem per day for official legislative activities and \$0.47 per mile for travel. It is assumed that each member will make a roundtrip of 262 miles per meeting.

- The proposed amendment 017227 requires the JHEAC to meet twice a month during legislative session and authorizes the JHEAC to meet no more than twice per calendar year when the General Assembly is not in regular session.
- The JHEAC will meet two times annually outside of legislative sessions beginning in FY18-19.
- The recurring increase in state expenditures for the two meetings occurring outside of legislative sessions beginning in FY18-19 is estimated to be \$4,226 [(6 members x \$229 x 2 meetings) + (6 members x \$0.47 x 262 miles x 2 meetings)].
- The JHEAC will authorize at least one efficiency audit to be performed annually beginning in FY18-19.
- The JHEAC is authorized to procure and enter into consulting contracts for audit preparation and execution. The extent of any such resources required is unknown at this time; however, based on prior contracting costs for committees, and any costs for the Comptroller or THEC to hire additional temporary or part-time staff as necessary, the recurring increase in state expenditures is reasonably estimated to exceed \$100,000 beginning in FY18-19.
- A repeal date of July 1, 2021.
- The recurring increase in state expenditures in each year FY18-19 through FY20-21 is estimated to exceed \$104,226 (\$4,226 + \$100,000).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp