

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 454** HLS 16RS 920
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 30, 2016	2:36 PM	Author: RICHARD
Dept./Agy.:		Analyst: Alan M. Boxberger
Subject: Provides for review and approval of certain contracts		

CONTRACTS EN SEE FISC NOTE SD RV See Note Page 1 of 2

Provides for reporting, review, and approval by the Joint Legislative Committee on the Budget of certain professional, personal, and consulting service contracts

Present law provides for FY 16 through FY 18 that all contracts for professional, personal, and consulting services totaling \$40,000 or more per year which are funded solely with the State General Fund or the Overcollections Fund and are for discretionary purposes are reported, reviewed and approved by the JLCB. Proposed law adds social services contracts to those requiring and approval by the JLCB if the total value is \$40,000 or more per year adjusts the application of this process to all contracts regardless of means of finance and/or discretionary or non-discretionary status.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total				\$0	\$0	\$0
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0			\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law is not anticipated to impact state expenditures but will result in a significant increase in the workload of the various legislative fiscal staffs providing staff support to the Joint Legislative Committee on the Budget (JLCB) through FY 18. Proposed law provides that all professional, personal, consulting, and social services contracts with a total value of \$40,000 or more per year to be reported to the JLCB for review and approval. The specific process and guidelines to be followed will be determined by the JLCB.

For informational purposes, per the FY 15 Office of State Procurement (OSP) Annual Report released in January 2016, OSP approved a total of 3,214 professional, personal, consulting, and social services contracts with a total contract value of approximately \$13.19 billion. OSP projects approximately 1,700 contracts within these contract categories to be approved each year by OSP, and that approximately 57% of these contracts will exceed the \$40,000 threshold. As such, OSP projects that approximately 970 contracts will require review and approval by the JLCB each year (average of 80 per month) with a cumulative annual value of approximately \$14.3 billion. NOTE: an unknown number of these contracts that may be exempted from the review requirement as noted on page 2 and could substantially reduce the number reviewed.

These contract reviews are anticipated to occur during the committee's regular meeting schedule. To the extent the contract reviews cannot be completed during a regularly scheduled JLCB meeting, or that the need to issue emergency contracts may arise, the JLCB could potentially be required to schedule additional meetings, which is anticipated to increase legislative expenditures. The legislative per diem rate is \$157 and the mileage reimbursement is \$0.54/mile. Given the projected average of 80 contracts to be reviewed monthly, the LFO projects that the likelihood is high that additional per diem expenditures will occur.

Special NOTE:

Present law provides that monies associated with any JLCB rejected professional, personal, consulting and social services

CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law may result in an indeterminable transfer of funds in FY 17 and FY 18 ending year monies to the Higher Education Financing Fund as per present law. The original source of these funds would be contracts placed on the JLCB agenda and rejected by the committee. The LFO is unable to project how much will be made available for transfer as such amount is dependent upon JLCB action.

Senate Dual Referral Rules House

- | | |
|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

contracts will be transferred into the Higher Education Financing Fund as provided in R.S. 39:100.146. These transfers would occur at the end of the fiscal year and the funds would not be made available for higher education expenditures until the following fiscal year (ending in FY 19). **The Legislative Fiscal Office assumes that any federal funds associated with rejected contracts would not be eligible for transfer into the Higher Education Financing Fund due to limitations placed on the original source funds.**

Present law provides that certain contracts are excluded from review by the JLCB, including:

- 1) Contracts of the secretary of state necessary to perform any constitutional or statutory function of the office;
- 2) All contracts to implement the programs of the Department of Health and Hospitals funded pursuant to Title XIX, Title XX, and Title XXI of the Social Security Act or funded fully or partially by federal funds;
- 3) Contracts with state or local providers of indigent defender services necessary to perform any constitutional or statutory function;
- 4) And contracts of a district attorney necessary to perform any constitutional, discretionary or statutory function of the office, or to perform services under the child support enforcement program administered by the Department of Children and Family Services in accordance with the federal requirements of Title IV-D of the Social Security Act and corresponding state laws and regulations.

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13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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