

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 590** HLS 18RS 838
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 27, 2018 2:36 PM	Author: EDMONDS
Dept./Agy.: Council on Efficient Government	Analyst: Alan M. Boxberger
Subject: Creates the Efficient Government Act	

STATE AGENCIES OR INCREASE GF EX See Note Page 1 of 2
 Creates the Efficient Government Act and provides for the Council on Efficient Government and its powers and duties

Proposed law creates the Council on Efficient Government within the governor's office; provides for membership and terms; assigns duties and powers regarding recommendations of potential contracts to privatize goods and services provided by state agencies; provides for reporting requirements; requires that privatized goods and services be reviewed by the governor every two years; requires the legislative auditor to conduct performance audits; requires the Office of Planning and Budget in the Division of Administration to report budget reductions as a result of privatization; and provides for exclusions regarding contracts entered into by DOTD relative to roads, bridges or infrastructure.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will likely result in an indeterminable but significant expenditure increase for the Office of the Governor, the Division of Administration's Office of Planning and Budget, the Louisiana Legislative Auditor, and will potentially result in an indeterminable expenditure increase within agencies statewide to provide for the proposed requirements, particularly in FY 19 and FY 20. Proposed law creates the Council on Efficient Government, provides for a membership of 7 standing members, allows for the appointment of advisory groups by the Council, and provides broad authority to recommend privatization of governmental services to the executive and legislative branches of government in order to effectuate cost savings. To the extent such recommendations are enacted by the legislature and promote cost savings for the delivery of current governmental functions, the state may realize an indeterminable but potentially significant expenditure savings beginning in FY 21. For the sake of simplicity, costs and savings are reported as SGF in this fiscal note but could potentially impact any or all means of finance.

Office of the Governor

The Office of the Governor reports that proposed law will require 4 T.O. positions (Executive Director, 2 analysts and 1 administrative assistant) for a combined total cost of \$291,000 in FY 19 and \$281,000 in FY 20 and beyond (assumes \$266,000 in personal services expenditures annually, \$25,000 in operating services expenses in FY 19 and \$15,000 annually thereafter). The LFO is unable to corroborate the exact workload requirements necessary to provide support and research services to the Council, but concurs that the workload will be significant and require staff time for research, procurement and/or solicitation of petitions of interest, interact with state agencies, and provide general operational and support services.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

The Council itself is to serve without compensation, but may receive reimbursement of expenses incurred in the furtherance of council duties in accordance with the provisions for reimbursement of such expenses to state employees pursuant to Louisiana PPM 49. PPM 49 generally allows reimbursement of travel related expenses, but can also include meal and lodging reimbursements under certain conditions. To the extent that members request reimbursement of allowable expenses, proposed law will result in an indeterminable increase in SGF expenditures.

Division of Administration (DOA), Office of Planning and Budget (OPB)

Proposed law provides that OPB shall perform additional duties with respect to agency expenditure analysis, adjusting executive budget recommendations to reflect projected savings, and reporting to the legislature. These provisions are generally routine, similar in scope to existing practices and not likely to result in a material expenditure increase for OPB. Proposed law also requires that the governor select at least three commercial activities being performed by a state agency to be examined by OPB. DOA indicates that this provision will require an indeterminable, but potentially significant, increase in staff and corresponding SGF expenditures. The LFO is unable to corroborate additional workload requirements, but OPB does not typically perform this type of analysis and it is unclear whether the agency has sufficient staff expertise without restructuring existing positions or hiring additional personnel.

Louisiana Legislative Auditor (LLA)

Proposed law may result in an indeterminable, but potentially significant, expenditure increase for the LLA. At the request of the Council, and on approval of the Legislative Audit Advisory Council, the LLA will be responsible for providing performance audits and other required information relating to state agency budgets and functions. The LLA may also assist in the development and review of the agency inventory of commercial activities prescribed in proposed R.S. 49:354 (commercial activities inventory and review). The number of audits, information requests and involvement with creating the commercial activities inventory are unknown at this time and the LLA indicates that the number of staff, along with the necessary expertise, cannot be determined at this time. To the extent that the Council requests, and receives authorization from the Legislative Audit Advisory Council, significant work product from the LLA, the increase in SGF expenditures may be significant. The LLA reports that at a minimum it will require \$11,000 for each 100 hours committed to the Council and a minimum personal services expenditure of \$44,000 for each additional hire necessitated by increased workload.

State Agencies

Proposed law provides for broad and potentially expansive involvement and cooperation by agency administrators and staff throughout the state enterprise. To the extent that such involvement may produce workload that cannot be absorbed by existing resources, proposed law may result in an indeterminable, but potentially significant increase in SGF expenditures and may require additional staff or staff augmentation.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
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House
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