

2020 First Extraordinary Session

HOUSE BILL NO. 12

BY REPRESENTATIVE ZERINGUE

APPROPRIATIONS/ANCILLARY: Provides for the ancillary expenses of state government (Item #5)

1 AN ACT

2 To provide for the establishment and reestablishment of agency ancillary funds, to be
3 specifically known as internal service funds, auxiliary accounts, or enterprise funds
4 for certain state institutions, officials, and agencies; to provide for appropriation of
5 funds for Fiscal Year 2020-2021; and to regulate the administration of said funds.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. There are hereby appropriated the amounts shown below, which shall be
8 payable out of the state general fund, to the extent of funds deposited, unless otherwise
9 specified, for the establishment and reestablishment of agency ancillary funds which shall
10 be specifically known as internal service funds, auxiliary accounts, or enterprise funds. The
11 monies in each fund shall be used for working capital in the conduct of business enterprises
12 rendering public service, auxiliary service, and interagency service.

13 In the conduct of each such business, receipts shall be deposited in the state treasury
14 and disbursements made by the state treasurer to the extent of the amount deposited to the
15 credit of each ancillary fund, for the current fiscal year. All funds appropriated herein shall
16 be expended in compliance with the public bid laws of the state.

17 Section 2.A. Except as otherwise provided by law or as herein otherwise provided,
18 any fund equity resulting from prior year operations shall be included as a resource of the
19 fund from which the ancillary fund is directly or indirectly derived.

20 B. Funds on deposit with the state treasury at the close of the fiscal year are
21 authorized to be transferred to each fund respectively, as equity for the next fiscal year.

1 All unexpended cash balances as of June 30, 2021, shall be remitted to the state
2 treasurer on or before August 14, 2021. If not reestablished in the subsequent year's Act, the
3 agency must liquidate all assets and return all advances no later than August 14, 2021.

4 C. The program descriptions contained in this Act are not part of the law and are not
5 enacted into law by virtue of their inclusion into this Act.

6 Section 3. All money from federal, interagency transfers, statutory dedications, or
7 fees and self-generated revenues shall be available for expenditure in the amounts herein
8 appropriated.

9 Any increase in such revenues shall be available for allotment and expenditure by
10 an agency on approval of an increase in the appropriation by the commissioner of
11 administration and the Joint Legislative Committee on the Budget. Any increase in such
12 revenues for an agency without an appropriation from the respective revenue source shall
13 be incorporated into the agency's appropriation on approval of the commissioner of
14 administration and the Joint Legislative Committee on the Budget.

15 Section 4.A. The figures in parentheses following the designation of a budget entity
16 are the total authorized positions and authorized other charges positions for that entity. The
17 number of employees approved for each agency, as a result of the passage of this Act, may
18 be increased by the commissioner of administration when sufficient documentation is
19 presented and the request is deemed valid. However, any request which exceeds five
20 positions shall be approved by the commissioner of administration and the Joint Legislative
21 Committee on the Budget.

22 B. The budget request of any agency with an appropriation level of thirty million
23 dollars or more shall include within its existing table of organization positions which
24 perform the function of internal auditing, including the position of a chief audit executive.
25 The chief audit executive shall be responsible for ensuring that the internal audit function
26 adheres to the Institute of Internal Auditors, International Standards for the Professional
27 Practice of Internal Auditing. The chief audit executive shall maintain organizational
28 independence in accordance with these standards and shall have direct and unrestricted
29 access to the commission, board, secretary, or equivalent head of the agency. The chief

1 audit executive shall certify to the commission, board, secretary, or equivalent head of the
2 agency that the internal audit function conforms to the Institute of Internal Auditors,
3 International Standards for the Professional Practice of Internal Auditing.

4 Section 5. All key and supporting performance objectives and indicators for the
5 departments, agencies, programs, and budget units contained in the Governor's Proposed
6 Budget Supporting Document shall be adjusted by the commissioner of administration to
7 reflect the funds appropriated therein. The commissioner of administration shall report on
8 these adjustments to the Joint Legislative Committee on the Budget each year by August 15.

9 Section 6. The following definition is provided for the terms of this Act: "Working
10 capital" shall be considered the excess of current assets over current liabilities on an accrual
11 basis.

12 Section 7. Should any section, subsection, clause, sentence, phrase, or part of the Act
13 for any reason be held, deemed, or construed to be unconstitutional or invalid, such decisions
14 shall not affect the remaining provisions of the Act, and the legislature hereby declares that
15 it would have passed the Act, and each section, subsection, clause, sentence, phrase, or part
16 thereof, irrespective of the fact that one or more of the sections, subsections, clauses,
17 sentences, phrases, or parts thereof, is declared unconstitutional or invalid. To this end, the
18 provisions of this Act are hereby declared severable.

19 Section 8. Internal Service Funds. These funds account for the financing of goods
20 or services provided by one department or agency to other departments or agencies of the
21 governmental unit, or to other governmental units, on a cost-reimbursement basis. Excess
22 cash funds, excluding cash funds arising from working capital advances, shall be invested
23 by the state treasurer with the interest proceeds therefrom credited to each account and shall
24 not be transferred to the state general fund.

25 Section 9. In conjunction with the continuing assessment of the existing staff, assets,
26 contracts, and facilities of each department, agency, program or budget unit's information
27 technology resources and procurement resources, upon completion of this assessment and
28 to the extent optimization of these resources will result in the projected cost savings through
29 staff reductions, realization of operational efficiencies, cost avoidance, and elimination of

1 asset duplication, the commissioner of administration is authorized to transfer the functions,
 2 positions, assets, and funds from any other department, agency, program, or budget units
 3 related to these optimizations to a different department. The provisions of this Section shall
 4 not apply to the Department of Culture, Recreation and Tourism, or any agency contained
 5 in Schedule 04, Elected Officials, of the General Appropriation Act.

6 **SCHEDULE 21**

7 **ANCILLARY APPROPRIATIONS**

8 **21-800 OFFICE OF GROUP BENEFITS**

9 EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
10 State Group Benefits -		
11 Authorized Positions	(42)	(42)
12	<u>\$ 1,561,180,762</u>	<u>\$ 1,584,274,843</u>

13 **Program Description:** *Provides for the administration of group health and accidental*
 14 *insurance and group life insurance for current and former state employees and other*
 15 *participating groups.*

16 TOTAL EXPENDITURES	<u>\$ 1,561,180,762</u>	<u>\$ 1,584,274,843</u>
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17 MEANS OF FINANCE:		
18 State General Fund by:		
19 Interagency Transfers	\$ 198,733	\$ 198,733
20 Fees & Self-generated Revenues	<u>\$ 1,560,982,029</u>	<u>\$ 1,584,076,110</u>

21 TOTAL MEANS OF FINANCING	<u>\$ 1,561,180,762</u>	<u>\$ 1,584,274,843</u>
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22 **21-804 OFFICE OF RISK MANAGEMENT**

23 EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
24 Risk Management -		
25 Authorized Positions	(38)	(41)
26	<u>\$ 204,364,446</u>	<u>\$ 217,558,737</u>

27 **Program Description:** *Provides for the overall executive leadership and management of*
 28 *the office, support services, policy analysis, management direction of the state's self-*
 29 *insurance program; provides funding for the payment of losses on medical, malpractice,*
 30 *property, comprehensive general liability, personal injury, automobile liability, automobile*
 31 *physical damage, bonds, crime, aviation, wet marine boiler and machinery and*
 32 *miscellaneous tort claims; provides funding for the payment of contracts issued for*
 33 *professional legal defense of claims made against the state; provides funding for the*
 34 *reimbursement of the Division of Risk Litigation in the Office of the Attorney General for*
 35 *costs incurred for professional legal defense of claims made against the state.*

36 TOTAL EXPENDITURES	<u>\$ 204,364,446</u>	<u>\$ 217,558,737</u>
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1	MEANS OF FINANCE:		
2	State General Fund by:		
3	Interagency Transfers	\$ 184,534,813	\$ 197,418,676
4	Fees & Self-generated Revenues	\$ 17,829,633	\$ 18,140,061
5	Statutory Dedications:		
6	Future Medical Care Fund	\$ 2,000,000	\$ 2,000,000
7	TOTAL MEANS OF FINANCING	\$ <u>204,364,446</u>	\$ <u>217,558,737</u>

8 Provided, however, that from the monies appropriated to the Risk Management Program, the
9 amount of \$20,342,890 shall be allocated for payments to the Department of Justice.

10 **21-806 LOUISIANA PROPERTY ASSISTANCE**

11	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
12	Louisiana Property Assistance -		
13	Authorized Positions	(37)	(37)
14		\$ <u>7,609,762</u>	\$ <u>7,451,981</u>

15 **Program Description:** *Provides for the accountability of the state's movable property*
16 *through the development and implementation of sound management practices.*

17	TOTAL EXPENDITURES	\$ <u>7,609,762</u>	\$ <u>7,451,981</u>
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18	MEANS OF FINANCE:		
19	State General Fund by:		
20	Interagency Transfers	\$ 1,915,846	\$ 1,915,846
21	Fees & Self-generated Revenues	\$ <u>5,693,916</u>	\$ <u>5,536,135</u>
22	TOTAL MEANS OF FINANCING	\$ <u>7,609,762</u>	\$ <u>7,451,981</u>

23 **21-807 LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY**

24	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
25	Federal Property Assistance -		
26	Authorized Positions	(9)	(9)
27		\$ <u>3,331,315</u>	\$ <u>3,566,313</u>

28 **Program Description:** *Seeks to assure the fair and equitable distribution of federal*
29 *property allocated to Louisiana by the General Services Administration to eligible Louisiana*
30 *donees.*

31	TOTAL EXPENDITURES	\$ <u>3,331,315</u>	\$ <u>3,566,313</u>
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32	MEANS OF FINANCE:		
33	State General Fund by:		
34	Interagency Transfers	\$ 234,342	\$ 484,342
35	Fees & Self-generated Revenues	\$ <u>3,096,973</u>	\$ <u>3,081,971</u>
36	TOTAL MEANS OF FINANCING	\$ <u>3,331,315</u>	\$ <u>3,566,313</u>

37 **21-811 PRISON ENTERPRISES**

38	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
39	Prison Enterprises -		
40	Authorized Positions	(72)	(72)
41		\$ <u>33,741,043</u>	\$ <u>33,592,587</u>

1 **Program Description:** *Utilizes the resources of the Department of Public Safety and*
 2 *Corrections in the production of food, fiber, and other necessary items used by offenders in*
 3 *order to lower the cost of incarceration; provides products and services to state agencies*
 4 *and agencies of parishes, municipalities, and other political subdivisions; and provides work*
 5 *opportunities for offenders. Prison Enterprises conducts both industry operations and*
 6 *agriculture operations.*

7	TOTAL EXPENDITURES	\$ 33,741,043	\$ 33,592,587
8	MEANS OF FINANCE:		
9	State General Fund by:		
10	Interagency Transfers	\$ 24,837,346	\$ 24,860,496
11	Fees & Self-generated Revenues	\$ 8,903,697	\$ 8,732,091
12	TOTAL MEANS OF FINANCING	\$ 33,741,043	\$ 33,592,587

13 **21-815 OFFICE OF TECHNOLOGY SERVICES**

14	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 1 REC</u>
15	Technology Services -		
16	Authorized Positions	(835)	(828)
17	Authorized Other Charges Positions	(9)	(9)
18		\$ 395,384,626	\$ 398,758,450

19 **Program Description:** *The mission of the Office of Technology Services (OTS) is to*
 20 *establish competitive, cost-effective technology systems and services while acting as the sole*
 21 *centralized customer for the acquisition, billing and record keeping of those technology*
 22 *services. OTS shall charge respective user agencies for the cost of the technology and*
 23 *services provided including the cost of the operation of the office in a fair, equitable, and*
 24 *consistent manner, in full compliance with State of Louisiana statutes.*

25	TOTAL EXPENDITURES	\$ 395,384,626	\$ 398,758,450
26	MEANS OF FINANCE:		
27	State General Fund by:		
28	Interagency Transfers	\$ 393,866,153	\$ 397,239,977
29	Fees and Self-generated Revenues	\$ 1,518,473	\$ 1,518,473
30	TOTAL MEANS OF FINANCING	\$ 395,384,626	\$ 398,758,450

31 **21-816 DIVISION OF ADMINISTRATIVE LAW**

32	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
33	Administration -		
34	Authorized Positions	(58)	(58)
35		\$ 8,498,129	\$ 8,475,791

36 **Program Description:** *Provides a neutral forum for handling administrative hearings for*
 37 *certain state agencies, with respect for the dignity of individuals and their due process*
 38 *rights.*

39	TOTAL EXPENDITURES	\$ 8,498,129	\$ 8,475,791
40	MEANS OF FINANCE:		
41	State General Fund by:		
42	Interagency Transfers	\$ 8,469,232	\$ 8,446,894
43	Fees & Self-generated Revenues	\$ 28,897	\$ 28,897
44	TOTAL MEANS OF FINANCING	\$ 8,498,129	\$ 8,475,791

1 **21-820 OFFICE OF STATE PROCUREMENT**

2	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
3	State Procurement -		
4	Authorized Positions	(92)	(99)
5		\$ <u>10,895,092</u>	\$ <u>12,319,548</u>

6 **Program Description:** *The mission of the Office of State Procurement is to provide cost-effective services that satisfy the needs of approved governmental units of the State of Louisiana through the management of products and services.*

9	TOTAL EXPENDITURES	\$ <u>10,895,092</u>	\$ <u>12,319,548</u>
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10	MEANS OF FINANCE:		
11	State General Fund by:		
12	Interagency Transfers	\$ 5,447,546	\$ 5,447,546
13	Fees & Self-generated Revenues	\$ <u>5,447,546</u>	\$ <u>6,872,002</u>

14	TOTAL MEANS OF FINANCING	\$ <u>10,895,092</u>	\$ <u>12,319,548</u>
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15 The commissioner of administration is hereby authorized and directed to adjust the means of financing for the State Procurement Program by reducing seven (7) authorized positions and reducing the appropriation out of Fees & Self-generated Revenues by \$807,051.

18 **21-829 OFFICE OF AIRCRAFT SERVICES**

19	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
20	Flight Maintenance -		
21	Authorized Positions	(3)	(3)
22		\$ <u>2,264,646</u>	\$ <u>2,328,385</u>

23 **Program Description:** *The mission of the Office of Aircraft Services is to manage the overall maintenance and provide all needed and required support for safe, proper, and economic operation of the State's various aircraft. Flight Maintenance Operations ensures flight safety, maintains high safety standards while minimizing aircraft downtime for repairs, and provides high quality, efficient, and economical repair and fueling services for state-operated aircraft.*

29	TOTAL EXPENDITURES	\$ <u>2,264,646</u>	\$ <u>2,328,385</u>
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30	MEANS OF FINANCE:		
31	State General Fund by:		
32	Interagency Transfers	\$ 1,835,431	\$ 2,149,170
33	Fees & Self-generated Revenues	\$ <u>429,215</u>	\$ <u>179,215</u>

34	TOTAL MEANS OF FINANCING	\$ <u>2,264,646</u>	\$ <u>2,328,385</u>
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35 **21-860 CLEAN WATER STATE REVOLVING FUND**

36	EXPENDITURES:	<u>FY 20 EOB</u>	<u>FY 21 REC</u>
37	Clean Water State Revolving Fund	\$ <u>90,000,000</u>	\$ <u>110,000,000</u>

38 **Program Description:** *Helps individual citizens and local governments participate in environmental programs by assisting municipalities to finance and construct wastewater treatment works. The Clean Water State Revolving Fund is used by the Department of Environmental Quality to assist recipients of Environmental Protection Agency and construction grants in providing project inspection, construction management, and overall program management services, required for the completion of the Environmental Protection*

1 *Agency program, as outlined in the management grant. Regional meetings are held in the*
 2 *state’s eight planning districts with one-on-one follow-up meetings to make municipalities*
 3 *more aware of the program’s benefits and requirements.*

4 TOTAL EXPENDITURES \$ 90,000,000 \$ 110,000,000

5 MEANS OF FINANCE:

6 State General Fund by:

7 Statutory Dedications:

8 Clean Water State Revolving Fund \$ 90,000,000 \$ 110,000,000

9 TOTAL MEANS OF FINANCING \$ 90,000,000 \$ 110,000,000

10 **21-861 DRINKING WATER REVOLVING LOAN FUND**

11 EXPENDITURES: **FY 20 EOB** **FY 21 REC**

12 Drinking Water Revolving Loan Fund \$ 34,000,000 \$ 34,000,000

13 **Program Description:** *Assist public water systems in financing needed drinking water*
 14 *infrastructure improvements (e.g. treatment plant, distribution main replacement, storage*
 15 *facilities, new wells). The Drinking Water Revolving Loan Fund provides assistance in the*
 16 *form of low-interest loans and technical assistance to public water systems in Louisiana to*
 17 *assist them with complying with state and federal drinking water regulations, ensuring that*
 18 *their customers are provided with safe drinking water thereby protecting the public health.*

19 TOTAL EXPENDITURES \$ 34,000,000 \$ 34,000,000

20 MEANS OF FINANCE:

21 State General Fund by:

22 Statutory Dedication:

23 Drinking Water Revolving Loan Fund \$ 34,000,000 \$ 34,000,000

24 TOTAL MEANS OF FINANCING \$ 34,000,000 \$ 34,000,000

25 Payable out of the State General Fund by
 26 Statutory Dedications out of the Drinking
 27 Water Revolving Loan Fund to the Drinking
 28 Water Revolving Loan Fund for projects to
 29 improve water infrastructure \$ 13,988,458

30 Section 10. This Act shall become effective on July 1, 2020.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 12 Original

2020 First Extraordinary Session

Zeringue

Abstract: Appropriates funds and provides for ancillary expenses of state government, including internal service funds, auxiliary accounts, and enterprise funds.

Provides \$638,161,680 of interagency transfers, \$1,627,357,904 of fees and self-generated revenue, and \$159,988,458 of statutory dedications to provide for the ancillary expenses of state government.

Proposed law provides for the establishment and reestablishment of agency ancillary funds, to be specifically known as internal service funds, auxiliary accounts, or enterprise funds for certain state institutions, officials, and agencies. Requires the appropriated funds, to the extent deposited, unless otherwise specified, to be used for working capital in the conduct of business enterprises rendering public, auxiliary, and interagency services. Requires receipts from the conduct of such businesses to be deposited to the credit of each ancillary fund for FY 2020-2021. Requires all funds to be expended in accordance with public bid laws.

Proposed law requires, except as otherwise provided, any fund equity resulting from prior year operations be included as a resource of the fund from which it is derived. Provides that all funds on deposit with the state treasury at the close of the fiscal year are authorized to be transferred to each fund as equity for FY 2021-2022. Further provides that all unexpended cash balances as of June 30, 2021, shall be remitted to the state treasurer on or before Aug. 14, 2021. Further provides that if not reestablished in the subsequent year's act, the agency must liquidate all assets and return all advances no later than Aug. 14, 2021.

Proposed law provides that the program descriptions contained in the Act are not enacted into law by virtue of their inclusion in the Act.

Proposed law provides that all money from federal, interagency, statutory dedications, or self-generated revenues of an agency be deemed available for expenditures in the amounts appropriated, and any increase in such revenues over the amounts appropriated shall only be available for expenditure by the agency with approval of the division of administration and the Joint Legislative Committee on the Budget (JLCB).

Proposed law provides that the number of employees approved for each agency may be increased by the commissioner of administration, subject to JLCB approval, when appropriate documentation is deemed valid.

Proposed law requires any agency with an appropriation level of \$30 million or more to include positions within its table of organization which perform internal auditing services, including the position of a chief audit executive responsible for adhering to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing.

Proposed law directs the commissioner of administration to adjust performance objectives and indicators contained in the Executive Budget Supporting Document to reflect the funds appropriated and to report such adjustments to the JLCB by Aug. 15, 2020.

Proposed law provides that the treasurer shall invest excess cash funds, excluding those arising from working capital advances, with the interest earned being credited to the account.

Proposed law authorizes the commissioner of administration to transfer functions, positions, assets, and funds between and within departments in conjunction with the continuing assessment of the existing staff, assets, contracts, and facilities of each department, agency, program, or budget unit's information technology resources, and procurement resources, in order to optimize resources and provide cost savings. Proposed law does not apply to the Dept. of Culture, Recreation and Tourism, or any agency contained in Schedule 04, Elected Officials, of the General Appropriation Act.

Effective July 1, 2020.