

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 473** SLS 22RS 960

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 19, 2022 7:11 AM	Author: MILLIGAN
Dept./Agy.: Board of Regents/Higher Education/Auditor	Analyst: Tim Mathis
Subject: Reporting of foreign gifts; screening foreign researchers	

INTERNATIONAL AFFAIRS

OR INCREASE GF EX See Note

Page 1 of 2

Provides relative to foreign interest in certain Louisiana research facilities. (1/1/23)

Proposed law requires each postsecondary education institution to report any gift valued at \$50,000 or more from any foreign source and intermediaries to the institution's board of supervisors and the Board of Regents (BOR). Provides for the internal auditor of the BOR to inspect or audit a sample gifts disclosed, and a penalty of 105% of non-state funds for failure to comply with reporting requirements. Requires every citizen of a foreign country, or U.S. resident with an affiliation with an institution or program in a foreign country of concern, that is seeking employment with an institution for certain research-related support positions to submit certain information. Institutions shall designate a research integrity officer to review all materials and verify all attendance, employment, publications, and contributions listed in the application prior to any interview or offer of a position. Requires each institution to require preapproval and screening by a research integrity officer for any employment-related foreign travel and activities engaged in by any faculty member, researcher, or other research department staff. Applicant screening and travel monitoring applies to each institution that receives state appropriations and has a research budget of \$10 M or more. Requires the legislative auditor to conduct an operational audit on the implementation of various sections by July 1, 2025.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

Public postsecondary education institutions will experience an estimated \$2.8 M SGF expenditure increase in FY 23 and thereafter to hire additional staff and provide for operating expenses for the screening of foreign researchers and establishing an international travel approval and monitoring program. The LA Legislative Auditor (LLA) will incur additional SGR expenditures in FY 24 to conduct an operational audit.

Additional human resources staff will be needed to screen each foreign applicant seeking employment in research or research-related support positions, and additional compliance staff will be needed to comply with the reporting and travel review requirements. Costs for each institution will vary depending on the number of foreign individuals that seek employment, and the number of faculty and staff engaged in foreign travel and employment-related foreign activities. Institutions will also incur costs to conduct background checks through the Federal Bureau of Investigation for each applicant; costs are indeterminable and will vary by the number of applicants and the extent to which institutions already require this in their hiring practices. Institutions will experience no costs to the extent their research budgets fall below the \$10 M threshold under the proposed legislation.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

To the extent a postsecondary education institution knowingly, willfully, or negligently fails to disclose the information required by the proposed law, it shall be subject to a civil penalty of 105% of the amount of the undisclosed gift, payable only from non-state funds of the institution or the affiliate organization that received the gift; directs such funds to be deposited in the state general fund. It is unknown how institutions would be able to comply with this provision due to the restricted and legal requirements of certain funding, there may be an indeterminable increase in SGF as a result of penalties.

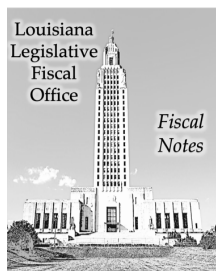
Proposed law will increase revenues in the statutorily dedicated Criminal Identification and Information Fund by an indeterminable amount in FY 23 and subsequent fiscal years. The LA Bureau of Criminal Identification and Information within State Police would perform the background checks for a fee of \$39.25 for state and federal background checks that include fingerprinting (\$26 state background check, \$2 from federal background check, and the remaining \$11.25 to the federal government.

The LLA anticipates a \$120,000 self-generated revenue increase derived from state agencies as a result of the increased operational audit requirements for the proposed legislation. To the extent the LLA is able to conduct the audits with existing staff and resources, SGR need may be reduced; however this is indeterminable.

Senate
 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
Evan Brasseaux
Interim Deputy Fiscal Officer



LEGISLATIVE FISCAL OFFICE Fiscal Note

Fiscal Note On: **SB 473** SLS 22RS 960

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 19, 2022	7:11 AM	Author: MILLIGAN
Dept./Agy.: Board of Regents/Higher Education/Auditor		Analyst: Tim Mathis
Subject: Reporting of foreign gifts; screening foreign researchers		

CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The Louisiana State University (LSU) system reports \$2.3 M increased costs, including \$2 M to hire an estimated nineteen (19) positions across four institutions, as well as \$117,000 for other costs such as the purchasing software, supplies, and professional services such as translating, or legal assistance. Institutions estimate the following costs: \$925,000 for LSU A&M; \$561,300 for LSU AgCenter; \$635,150 for LSU Health Sciences Center - New Orleans; and \$149,000 for LSU Health Sciences Center - Shreveport. Costs will likely increase annually for market rate salary adjustments.

The University of Louisiana (UL) system reports \$454,468 increased costs to hire an estimated four (1) full-time positions and one (1) part-time position across five institutions, as well as ancillary operating costs. Institutions estimate the following costs: \$174,470 for University of LA Lafayette; \$96,158 for LA Tech; \$56,000 for Nicholls State University; \$40,000 for Southeastern LA University; \$87,840 for the University of New Orleans.

The Southern University (SU) system reports \$50,000 increased costs to hire one (1) Human Resources Generalist position.

The Louisiana Community and Technical College System (LCTCS) reports no costs due to the proposed legislation.

The LFO cannot corroborate the workload necessity reported by postsecondary education institutions, particularly whether existing staff will be able to conduct any of the required applicant screening and travel monitoring process. To the degree that staffing levels are less than initial estimates, costs will decrease proportionally.

Institutions will experience additional costs (\$39.25 per applicant) related to conducting a criminal background check through the Federal Bureau of Investigation via the LA Bureau of Criminal Identification and Information within the State Police. Such costs will be less to the extent institutions already incorporate this into their hiring practices.

The LLA reports SGR expenditures will increase by \$120,000 to conduct an operational audit on the implementation of processes to screen foreign researchers and an audit to evaluate the international travel approval and monitoring program. Audits are estimated to take approximately 100 hours per institution and would involve verifying that institutions have developed relevant procedures and testing a sample to determine whether they are complying with the procedures. Assuming 10 institutions have an annual research budget of \$10 M or more, the total cost for audits would be \$120,000 (10 institutions x 100 hours/audit x \$120/hour billing rate). To the extent the LLA is able to conduct the audits with existing staff and resources, the SGR need may be reduced; however this is indeterminable. Any costs are anticipated to occur in FY 24 as the reporting deadline is July 1, 2025. Note: It is unclear whether the proposed legislation requires the LLA to conduct a one-time audit or provides for ongoing auditing; for purposes of this fiscal note, the LFO assumes the requirement to be a one-time expense for FY 24.

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

Evan Brasseaux
Interim Deputy Fiscal Officer