

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 142** HLS 14RS 588

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 20, 2014	4:31 PM	Author: RICHARD
Dept./Agy.: Division of Administration (DOA)		Analyst: Travis McIlwain
Subject: Higher Education Financing Fund/10% Contracts Reduction		

PUBLIC CONTRACTS

RE1 SEE FISC NOTE GF EX

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Provides for a 10% reduction of all state professional, personal, and consulting service contracts and provides for deposit of the savings into the Higher Education Financing Fund

This legislation provides that for FY 15 through FY 17 all contracts for professional, personal and consulting services with a total dollar value of \$40,000 or more per year that are funded solely with SGF or the Overcollections Fund and are for discretionary purposes shall be reported to the Joint Legislative Committee on the Budget (JLCB) for review and approval. Proposed bill provides that if within 30 days of receipt of the contract, the JLCB does not place the contract on its agenda, the contract shall be deemed to be approved. Proposed bill provides that if the contract is placed on the agenda for review and approval, the JLCB may either approve the contract, reject the contract and notify the commissioner of administration that such funds be deposited into the newly created Higher Education Financing Fund or the JLCB may recommend revisions to the contract. Proposed bill provides for the commissioner to report quarterly each fiscal year as to the amount of monies appropriated for professional, personal and consulting service contracts that remain unexpended and unencumbered as a result of implementing this legislation. Proposed legislation provides for a sunset of law effective July 1, 2017.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	\$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

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total				\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation is anticipated to result in a significant increase in the workload of the various legislative fiscal staffs providing staff support for the Joint Legislative Committee on the Budget (JLCB) in FY 15, FY 16 and FY 17. The proposed bill provides for all professional, personal and consulting services contracts with a total value of \$40,000 or more per year funded with solely discretionary SGF or Overcollections Fund to be reported to the JLCB for review and approval. Based upon data provided to the LFO from the DOA via various state agencies, the number of SGF contracts in effect in excess of \$40,000 is approximately 500 or more for a total value in excess of \$250 million. The specific process and guidelines to be followed will be determined by the JLCB.

These contract reviews are anticipated during the committee's regular meeting schedule. To the extent the contract reviews cannot be completed during a regularly scheduled JLCB meeting, the JLCB could potentially be required to schedule additional meetings, which is anticipated to increase legislative expenditures. The legislative per diem rate is \$153 and the mileage reimbursement is \$0.56/mile.

The proposed legislation sunsets on July 1, 2017.

REVENUE EXPLANATION

The proposed bill may result in an indeterminable FY 15, FY 16 and FY 17 ending year SGF/Overcollections Fund dedication to the newly created Higher Education Financing Fund. 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 SGF/Overcollections Fund will be made available for transfer as such amount is dependent upon JLCB action. The legislation allows for the JLCB to suggest revisions to the contracts and can be placed on the agenda again for review.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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

Evan Brasseaux
Staff Director