

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 142** HLS 14RS 588
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 29, 2014 8:49 AM	Author: RICHARD
Dept./Agy.: Division of Administration (DOA)	Analyst: Travis McIlwain
Subject: Higher Education Financing Fund/10% Contracts Reduction	

PUBLIC CONTRACTS REF SEE FISC NOTE GF EX See Note Page 1 of 1

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. Proposed bill provides that beginning October 1, 2015, and every year thereafter that the state treasurer shall submit an annual report to the fiscal committees that summarizes the actual costs of issuance of bonds, notes of indebtedness approved and paid by the State Bond Commission. Proposed bill exempts contracts with state or local providers of indigent defender services and contracts of a district attorney to perform services under child support.

EXPENDITURES	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0	\$0
Agy. Self-Gen.	\$110,000	\$0	\$0	\$0	\$0	\$110,000
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	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>5 -YEAR TOTAL</u>
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.

NOTE: Senate Floor amendments provide for additional contract exclusions including those contracts with state or local providers of indigent defender services and contracts of a district attorney who is performing services under the child support enforcement program. These additional exclusions will likely result in fewer contracts being reviewed by legislative staff.

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.

State Treasury Cost - Reporting Requirement

A Senate floor amendment requires the State Treasurer submit annual report to all the legislative fiscal committees beginning on October 1, 2015 and every year thereafter that summarizes the actual costs of issuance of all debt (state & local) approved and paid by the State Bond Commission. According to the State Treasury, this Senate floor amendment is anticipated to result in a one time expenditure cost of approximately \$150,000 in order to update the State Bond Commission's IT software and application. Due to the large amount of data, the State Bond Commission's current database cannot support running such a report. The State Treasury is estimating a minimum of 1,000 hours of proprietary software changes at an hourly rate of \$150/hour.

Included within the Treasury's FY 15 is approximately \$40,000 for software upgrades to the State Bond Commission system. To the extent these resources are utilized for this requirement, the total additional expenditures needed for to meet this requirement may be \$110,000.

NOTE: To the extent the Senate floor amendments intent is to report on state issuance only, there would no anticipated costs.

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.

Senate	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 Evan Brasseaux Staff Director
<input checked="" 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}	