

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 454** HLS 16RS 920
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 21, 2016 8:19 AM	Author: RICHARD
Dept./Agy.:	Analyst: Alan M. Boxberger
Subject: Provides for review and approval of certain contracts	

CONTRACTS OR SEE FISC NOTE SD RV Page 1 of 2

Provides for reporting, review, and approval by the Joint Legislative Committee on the Budget of certain professional, personal, and consulting service contracts

Present law provides for FY 16 through FY 18 that all contracts for professional, personal and consulting services totaling \$40,000 or more per year which are funded solely with the State General Fund or the Overcollections Fund and are for discretionary purposes are reported, reviewed and approved by the JLCB. Proposed law reduces the cost threshold requiring report, review and approval for professional, personal and consulting contracts from \$40,000 or more per year to \$25,000 or more per year and applies this process to all contracts regardless of means of finance and/or discretionary or non-discretionary status.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	\$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

REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</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	\$0	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	\$0

EXPENDITURE EXPLANATION

Proposed law is not anticipated to impact state expenditures but will result in a significant increase in the workload of the various legislative fiscal staffs providing staff support to the Joint Legislative Committee on the Budget (JLCB) through FY 18. The proposed bill provides for all professional, personal and consulting services contracts with a total value of \$25,000 or more per year to be reported to the JLCB for review and approval. The specific process and guidelines to be followed will be determined by the JLCB.

Per the FY 15 Office of State Procurement (OSP) Annual Report, which was released in January 2016, OSP approved a total of 2,229 professional, personal and consulting services contracts with a total contract value of approximately \$12.23 billion. In accordance with R.S. 39:1566, and also in accordance with LAC 34:V, the Director of the Office of State Procurement Professional Service Contracts may delegate authority to state agencies for the approval of professional, personal, consulting, and social services contracts for \$20,000 or less. The review and approval threshold of \$25,000 as established in proposed law is only \$5,000 above the \$20,000 contract delegation authority. Therefore the LFO assumes the majority of the 2,229 contracts approved during FY 15 would have also required JLCB review and approval if proposed law were in effect at that time (except an unknown number of contracts that may be exempted as noted on page 2).

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, or that the need to issue emergency contracts may arise, the JLCB could potentially be required to schedule additional meetings, which is anticipated to increase legislative expenditures. The legislative per diem rate is \$157 and the mileage reimbursement is \$0.54/mile.

Special NOTE:

Present law provides that monies associated with any JLCB rejected professional, personal and consulting services contracts

CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law may result in an indeterminable transfer of funds in FY 17 and FY 18 ending year monies to the Higher Education Financing Fund as per present law. 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 will be made available for transfer as such amount is dependent upon JLCB action.

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

will be transferred into the Higher Education Financing Fund as provided in R.S. 39:100.146. These transfers would occur at the end of the fiscal year and the funds would not be made available for higher education expenditures until the following fiscal year (ending in FY 19). **The Legislative Fiscal Office assumes that any federal funds associated with rejected contracts would not be eligible for transfer into the Higher Education Financing Fund due to limitations placed on the original source funds.**

Present law provides that certain contracts are excluded from review by the JLCB, including:

- 1) Contracts of the secretary of state necessary to perform any constitutional or statutory function of the office;
- 2) All contracts to implement the programs of the Department of Health and Hospitals funded pursuant to Title XIX, Title XX, and Title XXI of the Social Security Act or funded fully or partially by federal funds;
- 3) Contracts with state or local providers of indigent defender services necessary to perform any constitutional or statutory function;
- 4) And contracts of a district attorney necessary to perform any constitutional, discretionary or statutory function of the office, or to perform services under the child support enforcement program administered by the Department of Children and Family Services in accordance with the federal requirements of Title IV-D of the Social Security Act and corresponding state laws and regulations.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

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

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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