

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 458** SLS 16RS 780
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 22, 2016 8:55 AM **Author:** LAFLEUR
Dept./Agy.: **Subject:** Provides for quarterly reporting requirements for contracts **Analyst:** Alan M. Boxberger

FUNDS/FUNDING OR SEE FISC NOTE GF EX Page 1 of 1
 Provides for quarterly reporting requirements for certain contracts in the executive branch of state government. (gov sig)

Proposed law provides for quarterly review of contracts and creates reporting requirements; provides that within fifteen days after the beginning of each quarter of the fiscal year, each budget unit receiving an appropriation in the General Appropriation Act, the Ancillary Appropriation Act, or any supplemental appropriations act shall report to the commissioner of administration on the status of certain contracts for which funds were appropriated but not yet awarded. Proposed law applies to all contracts or cooperative endeavor agreements relative to the procurement of information technology or telecommunications, or the procurement of professional, personal, consulting and social services. Proposed law provides for the contents of such reporting requirements. Proposed law provides that the commissioner of administration shall compile the contract reports and submit the compiled report to the Joint Legislative Committee on the budget no later than 30 days after the beginning of each quarter; provides that budget units failing to provide the required information may be requested to appear before the JLCB. Proposed law shall not apply to contracts authorized under the provisions of LA Public Bid Law.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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 | | | | | | |

| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$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 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law is likely to result in a workload increase for agencies statewide to comply with included reporting requirements.

The Office of State Procurement (OSP), reports that complying with provisions of proposed law would likely result in workload expenditures equivalent to one additional T.O. position statewide to oversee, monitor and administer compilation of all required documents and to coordinate between executive agencies and the DOA. OSP estimates that approximately 8,000 contracts would be subject to review annually under the provisions of proposed law. Approximately half of this number is currently approved by OSP and the other half by agencies acting within delegated authorities to self-approve under a specified cost threshold. Because the timeline for reporting is based upon when a contract is approved in a given fiscal year, OSP estimates the volume of contracts to be reported will decline throughout the year. The number of contracts expected for review in the first quarter is approximately 70% of the total, or 5,600, that were not awarded prior to the 15th day of the first quarter. The number to be reviewed in the 2nd quarter is estimated at 45% of the total, or 3,600. The numbers for review in the 3rd and 4th quarters are estimated at 25% and 10%, or 2,000 and 800 respectively. NOTE: Until a contract planned in any given fiscal year is awarded, it is assumed to be reported quarterly until execution. Thus the 10% of planned contracts that are not executed until the 4th quarter will be reported in each proceeding quarter.

OSP estimates the time necessary for state agencies to summarize, enter, proof and send reported contracts to the DOA will require a minimum of approximately 1,467 additional working hours annually, or roughly 71% of available working hours for a single T.O. position. As the burden of this workload will be spread across all agencies, it is likely that the requirements of proposed law can generally be absorbed within state agency's existing staff and resources. OSP additionally estimates the time needed for OSP staff to receive, compile and format contract submittals will total approximately 300 hours per year. To the degree that numerous pieces of legislation may enact additional workload requirements on contract staff statewide, or that individual agencies may possess a disproportionate share of total contracts, additional resources may be necessary.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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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
Evan Brasseaux
Staff Director