

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 407** SLS 16RS 1002  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ HSE FLOOR AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 5, 2016 4:36 PM	<b>Author:</b> MILKOVICH
<b>Dept./Agy.:</b> Joint Legislative Task Force	
<b>Subject:</b> Require publication of state contracts and create task force	<b>Analyst:</b> Alan M. Boxberger

PUBLIC CONTRACTS REF INCREASE GF EX See Note Page 1 of 2

Requires publication of state contracts with certain consultants on the Internet and creates task force to study, review, and make annual assessments of state contracts. (7/1/16)

Present law provides for reporting requirements for the state chief procurement officer, including annual reports. Proposed law provides that information on all contracts and the information contained in the annual report shall be published on the division of administration's website for access and ease of use; creates the Contract Services Subcommittee of the Joint Legislative Committee on the Budget (JLCB); to provide for contracts reported to and reviewed and approved by the JLCB on contracts; provides for membership of the subcommittee; provides that the subcommittee is required to review all contracts for professional, personal, consulting and social services with an annual amount of \$40,000 or more regardless of means of finance, in addition to the processes by which these contracts are negotiated, drafted, procured and executed; provides for leadership of the subcommittee, for scheduling the initial meeting and for a quorum; provides for state agency reporting requirements and provides for requirements of the Louisiana Transparency and Accountability (LaTrac) portal; and provides for annual reporting to the Senate president, the House Speaker and the governor no later than 60 days before the regular session regarding specific contracts or contract procedures that may require administrative or legislative action. Proposed law is effective July 1, 2016, and will sunset on June 30, 2020.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	\$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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>					<b>\$0</b>	<b>\$0</b>
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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law creates the Contract Services Subcommittee of the Joint Legislative Committee on the Budget (JLCB) to review certain contracts exceeding \$40,000, regardless of means of financing, and to make approval or rejection recommendations to the JLCB. Proposed law will result in an indeterminable increase in SGF expenditures, presumably result in a workload increase of the various fiscal staffs of the legislature providing staff support to the task force, and result in an increase in workload for various agency personnel to provide required reporting requirements and ad hoc reports that may be requested by the Task Force.

For informational purposes, per the FY 15 Office of State Procurement (OSP) Annual Report released in January 2016, OSP approved a total of 3,214 professional, personal, consulting, and social services contracts with a total contract value of approximately \$13.19 billion. OSP projects approximately 1,700 contracts within these contract categories to be approved each year by OSP, and that approximately 57% of these contracts will exceed the \$40,000 threshold. As such, OSP projects that approximately 970 contracts will require review and approval by the JLCB each year (average of 80 per month) with a cumulative annual value of approximately \$14.3 billion. NOTE: an unknown number of these contracts that may be exempted from the review requirement as noted on page 2 and could substantially reduce the number reviewed.

Proposed law requires substantial updates to the Louisiana Transparency and Accountability (LaTrac) portal which will result in an indeterminable, but potentially significant, increase in SGF expenditures likely exceeding \$100,000.

Proposed law provides that the commissioner of administration shall report each required contract to the Contract Services Subcommittee for review. The subcommittee shall meet within 10 days of receipt of the contract to review the contract and the subcommittee shall then make a recommendation to the JLCB within 5 days.

The proposed meetings of the Subcommittee are projected to increase legislative expenditures of SGF by an indeterminable amount. Proposed law requires the appointment of eight legislators, four each from the House and Senate. To the extent that the required contract reviews cannot be completed concurrent to regularly scheduled meetings of the JLCB, or that the need to issue emergency contracts may arise, legislative SGF expenditures would increase. Given the projected average of 80 contracts to be reviewed monthly, the LFO projects that the likelihood is high that additional per diem expenditures will occur. The legislative per diem rate is \$157 and the mileage reimbursement is \$0.54/mile.

**CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input checked="" 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:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1**

Proposed law is silent with regard to assigning responsibility to any agency or branch of government for the production and copying of any documents to be reviewed. In general, contracts may be dozens to hundreds of pages in length, and relevant attachments may add hundreds of additional pages. The LFO assumes the responsibility for copying all relevant contracts, addendums and supporting documents would fall on the legislature, creating an indeterminable cost increase based on the number of pages produced each year. Legislative copy service contracts generally require a fixed monthly maintenance fee plus approximately \$0.01 per copy on top of supply expenses (paper, etc.). The LFO assumes any increased workload costs associated with making needed copies will be absorbed by existing staff and resources.

Proposed law will likely result in a workload increase for one or more of the fiscal (House, Senate or Legislative) or division services staff offices. The LFO assumes these costs would be absorbed with existing resources, but to the extent that the duties outlined by the subcommittee may exceed available staff time additional resources and/or staff may be required.

Proposed law shall be null, void and of no effect on June 30, 2020.

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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