

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 268** HLS 17RS 562
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2017 7:00 PM **Author:** HARRIS, J.
Dept./Agy.: Various State Agencies **Analyst:** Zachary Rau
Subject: Background Checks Associated with Tax Information

CRIMINAL/RECORDS OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to criminal history records checks for agencies with access to federal tax information, criminal history record information, or state issued REAL ID information
Proposed law authorizes agencies with access to federal tax information, criminal history record information, or state-issued REAL ID information to require any current or prospective employee, contractor, or subcontractor to the submit to national, state, and local background checks, including fingerprinting. Proposed law requires the LA Bureau of Criminal Identification and Information to charge fees for furnishing information. Proposed law requires background checks of current employees with access to federal tax information, criminal history record information, or state-issued REAL ID information every ten years. Proposed law defines agencies with federal tax information agreements with the Internal Revenue Service as the LA Dept. of Revenue (LDR); LA Dept. of Justice (LDOJ), collections and information technology sections; Division of Administration, Office of Technology Services (OTS); Dept. of Child and Family Services (DCFS), child support enforcement and family support sections; LA Dept. of Health (LDH), medicaid eligibility section; and the LA Workforce Commission (LWC). Proposed law allows agencies to promulgate rules to implement provisions of proposed law.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may increase SGF expenditures associated with DPS operating costs associated with background checks and will also increase aggregate expenditures by approximately \$117,360 in total MOF in FY 18 and by an indeterminable amount in subsequent FYs for the LA Dept. of Revenue (LDR); LA Dept. of Justice (LDOJ), collections and information technology sections; Division of Administration, Office of Technology Services (OTS); Dept. of Child and Family Services (DCFS), child support enforcement and family support sections; LA Dept. of Health (LDH), medicaid eligibility section; and the LA Workforce Commission (LWC). The proposed law allows the aforementioned agencies to perform local, state, and national background checks on current and prospective employees that have access to federal tax information (FTI) and state-issued REAL ID information. Proposed law is to comply with new federal regulations. The total cost for an individual state background check through the LA Bureau of Criminal Identification & Information is \$36 (\$26 - criminal history, \$10 - fingerprinting) and an additional \$12 fee for a federal background check for a total of \$48.

The first year of background checks carries estimated total statewide expenditures of \$98,160 (\$48 * 2,045 employees) to the extent a criminal history, fingerprinting, and federal background check are performed. Based upon information for agencies with personnel subject to proposed law, persons and costs initially associated with background checks are as follows: LDR - 735 persons, \$35,280; LDOJ - 35 persons, \$1,680; OTS - approximately 250 persons, \$12,000; DCFS - 1,000 persons, \$48,000; LDH - 15 persons, \$720; and LWC - 10 persons, \$480. Because some agencies' costs associated with proposed law are marginal, they can likely be absorbed using existing budget authority and resources. However, agencies such as LDR and DCFS that have a significant number of employees subject to proposed law may require additional resources in the event their existing budget authority is not sufficient. Furthermore, LDR anticipates hiring two WAE human resource analysts for 3 months at a cost of \$19,200 SGF to process their high volume of background checks. Additionally, agencies may bear costs associated with local background checks that are variable, as rates for background checks may differ across localities, and therefore expenditures associated with local background checks are indeterminable. Furthermore, as turnover occurs in agencies, prospective employees subject to proposed law will likely result in marginal expenditure increases in subsequent FYs. Because this would occur on an as-needed basis, the expenditure increase is indeterminable, though likely marginal in nature as a result of the \$48 cost per background check.

Furthermore, the Dept. of Public Safety anticipates the need for four Criminal Records Analyst 3 positions for a total personal services expense of \$228,068 and technology purchases totaling \$136,500, or a request for proposal solution, to process the additional background checks. DPS further reports that a dramatic increase in background checks may present a strain on existing resources. **(see Expenditure Explanation, cont. on Page 2)**

REVENUE EXPLANATION

Proposed law will increase revenues for the statutorily dedicated Criminal Identification and Information Fund by an estimated \$90,744 in FY 18 and an indeterminable, though likely marginal, amount in subsequent FYs. The LA Bureau of Criminal Identification within the Dept. of Public Safety, Office of State Police would administer the state background checks and retain \$38 (\$26 state background check, \$10 fingerprinting, \$2 from federal background check) for state and federal background checks that include fingerprinting. **(see Revenue Explanation, cont. on Page 2)**

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Staff Director

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Page 1) For reference, DPS performed 174,000 background checks in FY 16, of which 48,000 were processed using hard fingerprint cards. The additional background checks associated with proposed law would represent a one-time 1.18% increase in background checks and a 4.26% increase in hard fingerprint cards recurring every ten years. Therefore, the Legislative Fiscal Office believes that any additional work associated with this legislation will be incremental in nature, and that the Department can accomplish these tasks with existing or temporary personnel, which will result in additional overtime expenses, but should not require additional personnel or equipment. To the extent multiple pieces of legislation are enacted that require increasing the volume of background checks, DPS may require additional resources, equipment and personnel.

(Revenue Explanation cont. from Page 1) These revenues are placed in the aforementioned fund. Furthermore, to the extent state agencies perform local background checks, revenues would accrue to local governmental entities.

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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