

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



Fiscal Note On: **HB 112** HLS 17RS 858  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

|  |                                |
|--|--------------------------------|
| <b>Date:</b> May 2, 2017 6:24 PM                             | <b>Author:</b> BOUIE           |
| <b>Dept./Agy.:</b> Division of Administration/Public Finance | <b>Analyst:</b> Patrice Thomas |
| <b>Subject:</b> Equal Pay in Public Government Contracts     |                                |

PUBLIC CONTRACTS OR INCREASE LF EX See Note Page 1 of 1

Requires that any contractor who enters into a contract with a public entity comply with the Louisiana Equal Pay for Women Act

Proposed law requires any contractor and/or subcontractor who enters into a contract with state government or state entity to comply with the LA Equal Pay for Women Act. Proposed law requires the contractor and/or subcontractor to submit an affidavit certifying compliance. Proposed law requires the contractor to keep and maintain employee records containing employee's name, address, position, and wages for at least 3 years after contract has ended. Proposed law defines the terms contractor and public entity. Proposed law only applies to contractors or public entities within the executive and judicial branches of the State of LA; the legislative branch and local governments or local entities are excluded. Proposed law stipulates that violations shall render the contract void. Also, proposed law stipulates that a contractor in violation is subject to penalties provided in LA Equal Pay for Women Act.

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

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

**EXPENDITURE EXPLANATION**

The proposed legislation may result in an indeterminable increase in local governmental expenditures as a result of lawsuits. This measure requires any contractor and/or subcontractor who enter into a contract with a state agency or state entity to comply with the LA Equal Pay for Women Act. Under this measure, if a contractor is deemed in violation, the contract is void. The proposed legislation applies only to contracts within the executive and judicial branches of state government.

Information provided by Division of Administration (DOA), Office of State Procurement (OSP) indicates that staff time required to verify inclusion of equal pay language and receipt of sworn affidavit from contractors will require an additional 5 minutes per contract. Annually, there are over 18,000 state contracts approved and executed. DOA projects 1,500 employee hours (5 minutes x 18,000 contracts = 90,000 minutes / 60 minutes per hour) to comply with this measure. Therefore, DOA estimates direct workload increase as result of this legislation at \$60,150 annually (\$40.10 average salary and related benefits of OSP employee x 1,500 employee hours). In addition to staff time, DOA projects additional supplies at \$21,446 annually. The LFO believes current employees can absorb the 5 minutes workload and supply increases associated with verifying equal pay language in every contract and receipt of sworn affidavit from contractors.

The legislation is silent with regard to assigning responsibility to any agency or branch of government for monitoring compliance and investigating violations as well as voiding contracts. The LFO anticipates complaints of contractor violations with the LA Equal Pay for Women Act will result in an indeterminable administrative increase within the executive and judicial branches to investigate the claims. To the extent any contracts are deemed void under this proposed legislation due to a violation, the contractor and/or subcontractor may file a lawsuit in district courts. A lawsuit filed in district court results in an indeterminable increase in court costs associated with judicial workload, time and attendance (presence of judges, clerks, bailiffs, counsel, etc.). The LFO cannot anticipate the number of lawsuits that will actually occur.

**REVENUE EXPLANATION**

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

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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**