

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 187** SLS 17RS 453
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2017 4:49 PM	Author: HEWITT
Dept./Agy.: Legislative Fiscal Office	Analyst: Jodi Mauroner
Subject: Evidence based budgeting	

FISCAL CONTROLS EG1 SEE FISC NOTE GF EX See Note Page 1 of 1
 Provides for implementation of an evidenced-based budget process for certain programs. (7/1/17)

Proposed law provides for definitions including evidence based program, research based program and program inventory. Provides that legislative staff shall develop guidelines to establish a pilot evidence-based budget proposal process for adult mental health programs administered by the Department of Health. The guidelines shall be submitted and approved by the Joint Legislative Committee on the Budget on or before July 1, 2018. Guidelines shall provide for utilization of program catalogues, program inventory, promising practices, and research based programs. Guidelines shall also include a determination of staffing and costs necessary to implement the program inventory and categorization. No later than July 1, 2019, when possible, LDH shall use guidelines for evidence-based budgeting to select programs for the delivery of care for adult mental health. Provides that staff may consult with the Washington State Institute for Public Policy's Evidence-Based Practices Institute's catalog, the Result First Clearinghouse Database, or other comparable catalog of evidence-based programs. Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	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.	\$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

There will be no anticipated impact in expenditures for legislative staff and the Louisiana Department of Health (LDH) to establish guidelines for an evidence-based budget process, begin to inventory and categorize all programs and activities, to identify evidence-based programs for Adult Mental Health, and to determine staffing and cost needs. Future costs will increase to the extent the guidelines contemplate incorporating a cost benefit analysis and to the extent additional agencies and/or policy areas are added to the inventory and analysis.

Proposed legislation provides for legislative staff and the LDH to begin developing the guidelines for the budget process and program inventory. Based on information provided by PEW, it appears that the initial inventory would be limited to a narrow set of program details which would be used to match programs contained in the PEW clearinghouse. The LFO is unsure of whether this proposed program inventory data set allows for a comprehensive comparison to the PEW model, and does not believe the level of detail included in the proposed inventory would allow for the cost benefit analysis which is a significant factor in making data driven budget decisions. LDH has indicated that it could provide this limited programmatic information without the need for additional resources. The House and Senate fiscal staff indicated they would allocate the resources necessary to develop the guidelines and assist with the program inventory. However, both LDH and the legislative staff indicated that to the extent future activities include a more expansive program inventory and the cost benefit analysis, additional staffing or professional services contracts would likely be required to provide the necessary expertise.

The Pew Charitable Trust and the MacArthur Foundation Results First Initiative works with states to implement a cost benefit model to help direct funding to programs that can achieve strong outcomes. In a January 2017 report, the Foundation identified five states as leaders in evidence-based policy making (Washington, Utah, Minnesota, Connecticut, and Oregon). The report also identified Mississippi as a state with an established level of evidence-based policy making. The LFO contacted four of these states (Connecticut, Minnesota, Mississippi, and Oregon) to gather information regarding the implementation and application of evidence-based budgeting in the state, with particular focus on their experience with regard to the resources required for implementation. In all cases, these states indicated they are still in the pilot phase and have not been able to fully implement the initiative as envisioned due to obstacles with data collections as well as identification of valid evidence-based programs to allow application of a cost benefit analysis. All states contacted hired two to five staff members whose sole assignment was the program inventory and cost analysis. All states stressed the need for high quality, research-oriented personnel, as well as individuals with economics and statistics backgrounds. Furthermore, states indicated a need for at least one analyst per policy area implemented.

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}

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